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MONEY

Clinton Apology for Ski Deaths

**Punishment Is Expected,
D'Alema Tells President**

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton said Friday that Americans were "profoundly regretful and apologetic" about the ski-lift accident in Italy last year that killed 20 skiers.

At a meeting with the Italian prime minister, Mr. Clinton sought to smooth over relations, which were soured by the acquittal Thursday of the Marine Corps pilot whose low-flying plane caused the accident.

Mr. Clinton, speaking at a news conference with Prime Minister Massimo D'Alema, said that Defense Secretary William Cohen would meet with his Italian defense counterpart to review operational changes to avert similar accidents.

Mr. D'Alema said that he was "personally shocked" and so is the Italian public's opinion over the acquittal of the Marine pilot. Italy expects those responsible to be identified and punished, Mr. D'Alema said, adding, "It is not normal for a military aircraft to fly in a valley 300 feet above the ground."

Although he said he did not want to comment in detail on a pending case, Mr. Clinton said the United States remained determined to assess responsibility for the accident. "I want to say to the people of Italy, on behalf of the



Mr. D'Alema with Mr. Clinton at their press conference. The president tried to smooth relations with Italy.

American people, we are profoundly regretful and apologetic for what has occurred to the families and all of the people of Italy," he said.

He said that the United States would increase compensation payments to families of the victims.

But Mr. D'Alema was not reassured.

"We shall say we are satisfied when whoever is responsible for what happened is found guilty and punished," he said. "With so many casualties and so many deaths, you can hardly ever say you are satisfied."

Mr. D'Alema also said the situation had strained U.S. relations with Italy, a

NATO ally.

Mr. Clinton met in the Oval Office with Mr. D'Alema a day after a military court in Camp Lejeune, North Carolina cleared Captain Richard Ashby of 20 involuntary manslaughter charges in

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U.S. Stocks Surge To a Record High

Jobs Data Ease Inflation Fears

By Mitchell Martin
International Herald Tribune

NEW YORK — With economic news that could hardly have been more favorable behind it, the Dow Jones industrial average soared 2.8 percent to a record high on Friday.

The blue-chip stock average rose 268.68 points to close at 9,736.08, above the previous record of 9,643.32 set Jan. 8. The surge on Friday followed a 191.52-point rise on Thursday.

What sparked the advance Friday was the release of U.S. employment statistics for February, the first official data for the month. The government said 275,000 jobs were created last month, above what economists had been predicting but less than what some inflation-wary analysts had feared.

Other parts of the report indicated that inflation remained quiescent. Although the number of jobs rose, the unemployment rate crept up to 4.4 percent from 4.3 percent in January. More important on the inflation front was that average hourly earnings rose just 0.1 percent, showing that even though companies are hiring many new workers they are not having to raise wages to get and keep them.

The data went a long way toward allaying fears that the Federal Reserve Board would push interest rates higher when its policy-setting Open Market Committee meets at the end of the month. Last week, the central bank's chairman, Alan Greenspan, said the Fed expected the economy to expand at a healthy clip of 2.5 percent to 3 percent this year, and that the dangers of that expansion igniting inflation were about evenly balanced with deflationary forces arising from weak economies in other countries and productivity gains.

Despite the noncommittal nature of his comments, interest rates in the bond market rose in the days after he spoke as investors focused on the warnings about inflation. The 30-year Treasury bond's yield, which had been 5.41 percent on

The Dollar		
New York	Friday 4 P.M.	previous close
Euro	1.0833	1.0813
Pound	1.8067	1.8106
Yen	122.75	123.335
DM	1.8055	1.809
FF	6.0552	6.0669
Dollars per pound and per euro		
The Dow		
	Friday close	percent change
Dow Jones	9,736.08	+2.84%
S&P 500		
	1,275.46	+2.31%
Nasdaq		
	2,338.27	+1.98%

the eve of Mr. Greenspan's testimony, ended at 5.69 percent on Thursday, but after Friday's unemployment news fell to 5.59 percent.

"These are figures even bond traders could love," Ken Mayland, chief economist of KeyCorp in Cleveland said. "The real surprise, especially in the face of tight labor markets, was the minuscule rise of average hourly earnings. The 3.6 percent 12-month increase in wages is something both companies and bond traders can live with."

The good news about U.S. inflation and interest rates was tonic to stock markets in Europe. In Japan, meanwhile, the benchmark stock index jumped 5.01 percent as markets there continued to respond to aggressive monetary-easing measures by the Bank of Japan. (Page 11)

The decline of U.S. interest rates since the end of 1994, when the 30-year Treasury yielded more than 7.8 percent, is one of the key reasons the Dow in-

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No Letup in Economic Overhaul, China Pledges

Prime Minister Cautions on Social Unrest

By Erik Eckholm
New York Times Service

BEIJING — Reporting on his first year as prime minister, Zhu Rongji told the annual session of Parliament on Friday that despite the "grim environment at home and abroad," China would forge ahead with the overhaul of state industries as well as a streamlining of government bureaucracy.

While his speech was mainly devoted to economic policy, Mr. Zhu implicitly acknowledged the social unrest that has flared as urban unemployment grows and farmers protest taxes and corruption.

In a statement that seemed to be aimed as much at local officials and the police as at potential protesters, Mr. Zhu said that such conflicts should be resolved promptly, "eliminating them before they grow."

"Under no circumstances should we intensify them by handling them in an

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AGENDA

Clinton Wishes Lewinsky Well

WASHINGTON (Reuters) — President Bill Clinton said Friday that he hoped Monica Lewinsky, with whom he had an affair, would be "permitted to go on with her life."

Asked about Ms. Lewinsky at a news conference, he said "she paid quite a high price for a long time, and I feel badly for that," adding, "I just hope it works out all right."

"The important thing is the American people are virtually screaming at us to get on with their business," he said, and added that this was what he was trying to do.

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President Jiang Zemin, at top, yawning as Li Peng, chairman of the National People's Congress, opened Parliament's annual session Friday.

Beijing Official Warns U.S. on Taiwan Support

By John Pomfret
Washington Post Service

BEIJING — A senior Chinese official warned the United States on Friday against providing Taiwan with any military equipment that could enhance its defenses against missile attacks, asserting that such a transfer would be "the last straw" in U.S.-China relations.

The senior official — speaking in a three-hour briefing under the condition that his name and position not be revealed — stopped short of threatening direct military action against the island of 21 million people if the transfers occurred.

But he said that such transfers would be considered a hostile act and would "certainly lead to serious consequences."

"If we did the same thing to an American state, how would they feel, pumping F-16s and missile defense systems into an American state?" the official said, underlining Beijing's position that Taiwan is and will remain part of China.

"How would they feel?" "There is one thing that's more important than money," he continued, speaking, he said, as a private Chinese citizen with close ties to the army.

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Olivetti's Bold Bid Is a 'Turning Point'

By Daniel Liefgreen
and Alan Friedman
International Herald Tribune

ROME — Italians love a good juicy soap opera, and so it is not surprising that even taxi drivers and waiters are obsessed with the daily twists and turns in Olivetti SpA's brash \$58-billion bid for Telecom Italia.

But the Olivetti-Telecom saga, Europe's biggest-ever hostile corporate takeover battle, is more than just a daytime melodrama.

It is shaking Italy's clubby business world to its roots. No matter who wins the battle, both the main contenders and observers agree that it is a landmark event that could radically alter the shape

of Italian capitalism.

"It is a turning point for Italy, its financial markets and its investors," said Francesco Micheli, who challenged the oligopolistic Italian corporate scene 15 years ago with the country's first hostile takeover of a family-owned company.

Mr. Micheli now serves as an adviser in Italy for Donaldson, Lufkin & Jenrette Inc., the U.S. investment bank, which is one of Olivetti's financial consultants on the deal.

Now that Italian stock market regulator Consob has given the green light to Olivetti to proceed with its formal offer, Telecom Italia's 1.5 million small investors, together with several international funds, ultimately will decide

the fate of the bid.

Mr. Micheli argued that a "democratic election campaign" is about to be waged on the Italian financial market.

This in itself is a novelty, because in the past nearly all big corporate deals were crafted behind closed doors by secretive financiers at Mediobanca SpA, the Milan merchant bank.

The fact that Mediobanca has broken ranks with the Agnelli family, which is part of Telecom Italia's inner core of loyalist shareholders, and is supporting Olivetti, is in itself remarkable. "When Mediobanca, which was once like God here, gets into the trenches, you know something is changing," a senior gov-

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Small Firms Targeted By U.S. Tariff Ask: Why?

By Edmund L. Andrews
New York Times Service

FRANKFURT, Germany — Marc Ecrepont does not care about bananas. But this week he became a pawn in a trade war over them between the United States and Europe.

Mr. Ecrepont, general manager of Groupe Fremaux SA in Lille, France, exports bedsheets and other linens to the United States. Washington is imposing a 100 percent tariff on those sheets after it failed to settle a long-running dispute over European import rules for bananas.

"We don't have anything to do with bananas, except perhaps to print them on our sheets," Mr. Ecrepont said. "I am in the middle of a war, and I don't even know what they are fighting about. What can I do? Go to church and light a

candle?" Fremaux is one of scores of companies that are caught in a bitter trade battle in which they have no stake and over which they have no control.

The U.S. government on Wednesday conditionally imposed punitive 100 percent tariffs on about \$520 million worth of European exports to the United States.

The tariffs followed months of bitter feuding over Europe's import preferences for bananas from its former colonies. Neither side produces bananas itself, but both have companies that market them, and both have elevated the issue to one of righteous indignation.

As trade wars go, this one may rank as one of the most confusing. The hit list includes 15 finely sliced categories, none of which have anything to do with bananas. It includes cashmere sweaters, but not cashmere jackets; bath preparations, but not bath salts; printed bedsheets, but not embroidered ones.

U.S. officials say there was method in the composing of the list, which they announced in December, as the banana brawl was heating up. The Americans wanted to come up with a volume of exports roughly equal to the lost banana trade, and they wanted to spread the pain to maximize the political pressure.

They also excluded products exported by Denmark and the Netherlands, which agreed with the United States on the banana issue.

Last but not least, they did not want to target exports that would hurt U.S. companies. They dropped washing machines at the last minute, because European machines use many U.S. components.

Administration officials argue this retaliation is justified because Europe has refused to abandon its banana preferences, even though they were declared illegal last year by the Geneva-based World Trade Organization.

But European business executives and government officials angrily de-



Philip Lader, the U.S. ambassador, arriving Friday at the British Foreign Office. Britain hinted at a shift in its position. Page 11.

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Frustrated by Poverty, Cubans Find Boredom Everywhere They Look

By Serge F. Kovaleski
Washington Post Service

HAVANA — It was a Saturday evening, and Abel Nunez was bored out of his skull.

His girlfriend had dumped him last month for a Spanish businessman. Waiting for him back home was a family dinner of government-supplied food rations, followed by a few hours of state-run television on a black-and-white set. So he passed the time by sitting on a park bench, gazing wistfully at the foreign tourists as they headed out from their hotels for a night on the town. He had not budged in nearly three hours.

Mr. Nunez, a 24-year-old custodian, said: "Sometimes I feel like the boredom is eating away at me. I do not like sitting in this park or at home thinking about my problems. I want to be able to lose myself in other things, like dancing in discotheques or taking a girl out for a nice meal," adding, "But most of the time that is not easy to do."

For Mr. Nunez and countless other young Cubans, boredom is perhaps the most trying feature of a Communist system whose shortcomings have been magnified by the U.S. trade embargo and the collapse of the Soviet Union, which once supported this island nation with huge subsidies.

The overwhelming majority of Cubans can

hardly afford to put food on the table, let alone spend money on luxuries. At the same time, economic hard times have forced the government of President Fidel Castro to cut back on such state-funded entertainment as restaurants, night clubs and movie houses.

A former Cuban government official, said: "I think people would like a little more frivolity in their lives."

It is not uncommon to see Cubans dancing alongside foreigners at the trendy Havana Club Salon. But in a country where a doctor earns the equivalent of \$240 a year and basic government salaries run to \$7 or \$8 a month, the have-nots far outnumber the

haves. Generous subsidies for food, housing and medical care compensate to some degree for Cuba's minuscule salaries. Some Cubans acquire dollars through working in the tourist industry, but those who earn their pay in pesos have little left over for fun. On a recent night in historic Old Havana, a group of young Cubans were relegated to standing outside an open-air bar to listen to the band as throngs of tourists sipped drinks and danced.

Giovanis Harriette, 24, a construction worker in Havana, lamented: "There are few places left where Cubans can go for a good time without

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Newsstand Prices	
Bahrain	1,000 BD
Cyprus	€ 1.00
Denmark	17 DKr
Finland	12.00 FM
Gibraltar	€ 0.85
Great Britain	£1.00
Egypt	£E 5.50
Jordan	1,250 JD
Kuwait	700 Ks
Malta	56 c
Nigeria	12500 Naira
Oman	1,250 QR
Qatar	10.00 QR
Saudi Arabia	10 SR
S. Africa	£16
U.A.E.	10.00 Dh
U.S. Mail	\$ 1.20
Zimbabwe	2m \$40.00

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Dole and Diplomats Try to Kickstart Kosovo Negotiations

By Carlotta Gall
New York Times Service

PRISTINA, Yugoslavia — Western envoys flew to the Balkans on Friday to exert pressure on the two warring sides in Kosovo to reach a peace deal as the province suffered another day of shelling and casualties.

It was the eve of the anniversary of the start of the war.

Serbian tanks lined up along a lonely stretch of road west of Kosovo's capital, Pristina, and rained shells on the hills to the north where tiny hamlets were nestled among the woods.

Further south, 11 Serbian policemen were wounded, caught in an ambush by guerrillas of the Kosovo Liberation Army.

Former Senator Bob Dole arrived in Skopje, Macedonia, to meet with several ethnic Albanian delegates to the peace talks.

His visit was at the request of President Bill Clinton and is part of a renewed U.S. effort to ensure the next round of peace talks in France will pro-

duce results, after the first round failed. Mr. Dole urged the Albanians to sign the peace agreement worked out in Rambouillet, France, after 17 days of negotiations, saying that by signing the deal they would maintain pressure on the Serbian government.

"The agreement should have been signed in France," he said, adding that there was some "frustration" in Washington over the delay. "It should not have been delayed one additional day," he stressed.

"The longer they wait, the less likely we will be able to apply pressure on the Serbian government," Mr. Dole continued.

If they do sign, Mr. Dole held out a tempting reward — a visit to Washington for some of the leaders to discuss the future of Kosovo and, in particular, the future of the Kosovo Liberation Organization.

"It is in their interests to sign the agreement and then come to Washington," he said. "There would be greater receptivity to matters they would like to discuss."

Later, Reuters quoted Mr. Dole as expressing greater optimism: "Since there were numerous reports that certain Albanian leaders would refuse to sign, today the delegation assured me they intend to meet their timetable and perhaps speed it up."

Mr. Dole met with Albanian leaders in Macedonia because the Yugoslav government in Belgrade denied him a visa to enter Kosovo.

His visit was part of what the Clinton administration hoped would be a speedy diplomatic offensive to salvage the Kosovo peace proposal and avoid a repetition of the inconclusive round of talks in February in France.

Secretary of State Madeleine Albright will stop in London on Saturday, on her way home from an Asian tour, to set up talks about Kosovo with British officials.

The goal is to have a deal ready to sign by March 15. But officials say that if this proves too ambitious, they hope at least to have the ethnic Albanians' agreement pinned down by the time the talks are scheduled to resume in France, and to

know exactly the position of the main impediment to a settlement, President Milosevic.

Waiting in the wings is a special envoy, Richard Holbrooke, who, officials said, was asked by the administration this week to take a draft settlement, after the ethnic Albanians have signed it, to Mr. Milosevic for his approval.

A second round of Kosovo negotiations is to take place in Paris as of March 15, a spokesman at the French Foreign Ministry said Friday. An initial round of talks at Rambouillet near Paris ended last month with only a partial political deal and the six-nation Contact Group told the two parties to return to France for new talks within three weeks.

There had been widespread speculation that the second round of talks would be staged at a military air base in northern France, following the example of the successful 1995 Bosnian peace negotiations held in a U.S. base in Dayton, Ohio.

A long-time champion of the ethnic Albanian cause since visiting Kosovo in

the early 1990s, Mr. Dole had to abandon his plans to drive to Pristina when Belgrade did not grant him a visa.

Briefing Offered to Serbs

Craig R. Whitney of The New York Times reported earlier from Paris:

The top NATO military commander, General Wesley Clark, has offered a briefing this weekend for Serbian military leaders on plans for a peacekeeping mission in Kosovo Province. One of the ethnic Albanian rebels and Serbian authorities agree to a settlement there, all officials said.

Serbian delegates to the peace talks that ended last month in Rambouillet outside Paris refused to accept provisions for a 28,000-member NATO peacekeeping force to oversee disbanding of the rebel Albanian army and removal of the bulk of the Serbian military and police forces to Serbia proper.

Officials said the Serbs had not responded by Friday evening to General Clark's invitation to send a military delegation to the allied military headquarters outside Mons, in Belgium.

Schroeder Upset As Lafontaine Sends a Feeler To Former Reds

By Roger Cohen
New York Times Service

BERLIN — Already under fire from business, Finance Minister Oskar Lafontaine has divided his own governing Social Democratic Party and irked Chancellor Gerhard Schröder with a suggestion that a political alliance with former East German Communists would be acceptable.

Mr. Lafontaine, chairman of the Social Democrats, said this week that a 1994 statement by the party ruling out political cooperation with the Party of Democratic Socialism, the former Communists, was "superfluous," "old hat" and "overtaken by reality."

His policy switch reflected the fact the Party of Democratic Socialism is now an important political force — it won 5.7 percent of the national vote in federal elections last year and 21 percent of the vote in the former East Germany — and already cooperates with the Social Democrats in the government of two eastern states.

But in Germany's charged political and economic environment, where business confidence has been eroded by Mr. Lafontaine's tax proposals and by his constant skirmishing with central bankers over interest rates, an opening to the former Communists amounted to a high-risk political gamble.

Mr. Schröder, who is in the uncomfortable position of being beholden to Mr. Lafontaine for party support at the same time that he is uneasy about his finance minister's more left-leaning inclinations, responded sharply to the comment by saying he had "made it clear that there will be no cooperation with the PDS in the German Bundestag."

Any cooperation at the local or state level would "not be transferred to the federal level," the chancellor added.

The exchange between the two men amounted to one of the more evident expressions of a simmering tension whose roots seem to lie in the fact that Mr. Lafontaine was the architect of Mr. Schröder's electoral victory last year and seems disinclined to bow entirely to the chancellor's authority.

Greens Told to Appeal to Youth

A leader of the Greens said Friday that the German party had suffered a severe loss of support among younger voters and had to address the issue at its party congress this weekend, Reuters reported from Bonn.

Kerstin Mueller, the Greens' parliamentary leader, said the party had to take up issues that reflect the interests of younger voters.

"Younger voters are running away from us in droves, and we have to take a look at the reasons," she told ARD television.



Officials inspecting the car-bombed hulk of Governor Cevik's vehicle Friday in Cankiri, north of Ankara.

Kurd Rebels Urge 'Any Means' to Keep Up Fight

By Stephen Kinzer
New York Times Service

ISTANBUL — Although the Kurdish guerrilla leader Abdullah Ocalan is reportedly cooperating with interrogators and begging for mercy at his island prison, his guerrilla group pledged Friday to continue and intensify its war.

In a statement issued by its political wing, the separatist Kurdish Workers Party said it was determined to "mobilize the party, masses, armed forces and political resources for a victory offensive that recognizes no rules."

"Strike at the enemy with any means you can find," the party urged its militants. "Let us target the enemy everywhere and anywhere."

The statement said that about 350 members of the party had recently met in "northern Kurdistan," a term it uses to describe southeastern Turkey, and had decided to continue and intensify its armed campaign. It also called on Kurds in Western Europe and elsewhere to begin "mass actions."

Since Mr. Ocalan was captured last month, his guerrilla movement has faced a leadership crisis. Mr. Ocalan had

held almost all power to himself, and there is no immediately evident successor. It was not possible to determine whether the statement issued Friday reflected the sentiment of the movement as a whole.

The guerrillas took responsibility for the suicide bombing of a police station in the provincial capital of Batman on Thursday. Four people were wounded in the attack and the bomber, a woman, was killed.

In another bomb attack, the governor of the province of Cankiri, Ayhan Cevik, was severely wounded Friday and three people including a 14-year-old girl were killed. Kurdish guerrillas, however, were not believed to be responsible. A leftist group called the Turkish Peasants' and Workers' Liberation Army, which had been threatening to kill Mr. Cevik for years, claimed responsibility.

Interrogators continued to question Mr. Ocalan. He reportedly told investigators that hundreds of his fighters were trained at camps "just outside Athens." He also reportedly said he had received arms from Iraq and Syria, and that Italy, where he was sheltered for several weeks before his arrest, "gave us the plastic land mines we call 'ankle cutters.'"

Power-Sharing Imposed on Bosnian Town

Compiled by Our Staff From Dispatches

BRCKO, Bosnia-Herzegovina — A contested Bosnian town that has been run by the Serbs under international supervision since the end of the war will be now administered by all of Bosnia's ethnic groups, international officials announced Friday.

Before the ruling on Brcko, the NATO-led Bosnian peace force beefed up its presence in the town, 120 kilometers (75 miles) north of Sarajevo, and a spokeswoman for the force urged its Serb population to remain calm.

The decision, made by Robert Owen, the U.S. official supervising Brcko, was announced in Sarajevo by Carlos Westendorp, the senior international official in Bosnia. It is meant to resolve the status of a town bitterly contested by all ethnic groups during and after the Bosnian war.

Although other territorial issues were resolved by the Dayton agreement of 1995, who owns Brcko remained unresolved because of its strategic importance and the strong claims on it both by the Serb half of Bosnia and the Muslim-Croat federation in the other half.

Up to Friday, Brcko had been run by the Serbs and the outlying area by the federation. Under the new ruling, "Both portions will now be held by both entities. The new government will be 'democratic and multi-ethnic' and run centrally by the joint Bosnian government, made up of Serbs, Croats and Muslims."

Bosnian Serbs overran Brcko in May and June of 1992, forcing Muslims and Croats to flee.

Nikola Poplasen, the extreme-nationalist president of the Serb half of Bosnia, said, without elaborating, that he was ready to "take major decisions" in case of an "unjust solution."

Mr. Poplasen was later fired by Mr. Westendorp, but in a statement read on Bosnian Serb SRT television, he said, "I cannot accept this decision."

"I believe that Mr. Westendorp's decision is not legal, that it is undemocratic and that it is contrary to Dayton. I must leave, let it be decided by a referendum in which the will of the people will have been expressed." (AFP, AP)

Corrections

An article in Friday's editions incorrectly reported that an expert on biological weapons had carried an anthrax sample through security at a U.S. House of Representatives office building. The expert later said the sample was a non-lethal anthrax simulant and that he had informed Capitol Police that the sample was inert.

An article in Friday's editions incorrectly reported that Steve Bullock had been named president of the American Red Cross. Mr. Bullock is serving as acting president until a permanent appointment is made.

BRIEFLY

Germany Revising Nationality Bill

BONN — Plans by Interior Minister Otto Schily to overhaul German nationality laws will be toned down to take into account strong resistance by the opposition, government officials said Friday.

A new draft will be closer to ideas mooted by the Free Democratic Party, which had been pressing for a reform when they were allies of Chancellor Helmut Kohl in a previous government.

Mr. Schily's latest bill would give children of immigrants dual citizenship up to age 23, when they would have to opt for one nationality. The governing coalition originally planned to grant German nationality to all second generation immigrants. (AFP)

U.S. Won't Impair Flow of Iraqi Oil

MANAMA, Bahrain — U.S. forces will avoid disrupting Iraqi oil supplies to Turkey, but air strikes will continue as long as Baghdad defies the no-flight zones over Iraq, the U.S. defense secretary, William Cohen, said Friday.

The Pentagon had defended an air strike Sunday on a radio relay station in northern Iraq that temporarily halted the flow of oil to Turkey. But Mr. Cohen indicated he had concluded the hit was a mistake.

"We're very sensitive to that and we want to make sure we don't disrupt the flow of oil going into Turkey," he told reporters traveling with him on a week-long tour of the Gulf and the Middle East.

Iraq resumed pumping crude oil Thursday through the Iraq-Turkish pipeline at the same rate as before the U.S. strike, senior Iraqi officials said. (AFP)

Mahathir Unafraid Of Key Challenger

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad said Friday that he welcomed the prospect of a head-to-head electoral fight against the wife of former Deputy Prime Minister Anwar Ibrahim, who was removed last year and is on trial.

Mr. Anwar's wife, Azizah Ismail, has said there is a good possibility she will run against Mr. Mahathir in his constituency in the northern state of Kedah in general elections due by April 2000. Last week, she drew a crowd of more than 10,000 people to a rally in Mr. Mahathir's constituency of Kubang Pasu.

"I welcome Wan Azizah's challenge," Mr. Mahathir was quoted by the official Bernama news agency as saying in the eastern state of Sabah, where he was campaigning for his coalition's candidates ahead of state elections set for next Friday and Saturday. (Reuters)

Raid by Israeli Jets

TYRE, Lebanon — Israeli warplanes attacked suspected guerrilla hideouts in southern Lebanon on Friday.

It was the first air raid since Israel launched a series of air strikes Sunday to retaliate for the death of an Israeli general, two soldiers and a journalist in a guerrilla bombing. Lebanese security officials said two Israeli planes fired a total of two rockets at targets in a wooded valley between the villages of Jebel al Butum and Zebqin. (AP)

For the Record

U.S. and North Korean officials resumed talks Friday in New York over Washington's demands to inspect a North Korean suspected nuclear site. The North Korean deputy foreign minister, Kim Gye Gwan, failed to appear with the other delegation members, however. (AFP)

Yeltsin Seeks Help Against Billionaire

Reuters

MOSCOW — President Boris Yeltsin, who is hospitalized, telephoned some of his former leadership colleagues in the defunct Soviet Union on Friday to seek their support for his sudden decision Thursday to dismiss Boris Berezovsky, a billionaire tycoon, from his current post in the post-Soviet alliance.

Mr. Berezovsky is executive secretary of the Commonwealth of Independent States, the loose grouping of 12 of the 15 republics that comprised the Soviet Union before it collapsed in December 1991.

Mr. Berezovsky has become a highly controversial figure in Russia since the ruble collapsed in August and the economy went into a critical decline.

"This should have been solved long ago," said the powerful mayor of Moscow, Yuri Luzhkov, according to the Interfax news agency. "What sort of state official is he? Berezovsky has not settled any issues. He dealt with his own

problems." Soon after President Yeltsin acted, Mr. Berezovsky asserted that the president had no authority to dismiss him and that only a formal decision by the leaders of the Commonwealth of Independent States could remove him.

On Friday, during talks in Baku with President Heydar Aliyev of Azerbaijan, Mr. Berezovsky went further, suggesting that Mr. Yeltsin's efforts resembled the arbitrary style of Soviet rule.

"Very often temptations and delusions arise to dictate from a single center," he said. "In Russia, there are thoughts about restoring the empire. But that time has passed and is impossible to bring back."

Mr. Berezovsky helped finance Mr. Yeltsin's re-election campaign but since then he has been accused of political maneuvering. But he found support Friday from President Aliyev, whose country is wary of Moscow's initiatives.

"I am very surprised about the information I heard in the Russian media that someone removed Berezovsky from

his job," Mr. Aliyev said, clearly annoyed.

"The CIS heads of state chose him, and if there is a question about replacing, removing or transferring him to a new job, then we must decide this together."

Yet, even as politicians in Moscow lined up to welcome President Yeltsin's decision, political analysts were asking whether there would be a trade-off involving the dismissal of someone else.

Prime Minister Yevgeny Primakov, who is on vacation at the Black Sea resort of Sochi, received his top deputy, Yuri Maslyukov, and Finance Minister Mikhail Zadornov.

Russian media speculated this week that Mr. Yeltsin wanted Mr. Maslyukov, a Communist, out of the government, but the Kremlin dismissed such reports.

Mr. Maslyukov has been criticized for failing to strike a loan accord with the International Monetary Fund, which is unhappy with the government's economic and fiscal policy.

TRAVEL UPDATE

U.S. Skies Are Held Safe From Y2K

WASHINGTON (AP) — The skies over the United States will be safe to fly on New Year's Day despite the year 2000 computer problem, government officials say, but they are still unsure how things will go at U.S. airports or in foreign aviation systems.

"From the air traffic control system, our end-to-end testing says there will be no impact on Jan. 1," said Ray Long, director of the aviation agency's program to deal with the so-called Y2K problem. "The impact could be more to the infrastructure — how you get to and from the airport."

The head of the agency, Jane Garvey, said: "There may be some disruptions because of delayed baggage or something like that." She said the agency was working hard "to make sure that those disruptions are at a minimum."

A 2000 Plan for Americans Abroad

WASHINGTON (Reuters) — The U.S. government is drawing up contingency plans for Americans traveling or living overseas next Jan. 1 should the year 2000 computer bug cause widespread problems, according to a U.S. Senate panel. The Senate's special committee on the millennium computer glitch said the State Department was prepared to issue travel warnings to Americans if conditions in certain countries deteriorated.

In case of more severe problems, the department may urge American nationals living abroad to return home, the committee said in a memorandum, which was to be released at a Senate hearing Friday.

The millennium problem arises because many older computers record dates using only the last two digits of the year. If not corrected, such systems could treat the year 2000 as the year 1900, generating errors or system crashes Jan. 1.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe	High	Low	High	Low
Algeria	10/50	5/40	10/50	5/40
Amsterdam	54/61	47/54	54/61	47/54
Antwerp	54/61	47/54	54/61	47/54
Athens	10/50	5/40	10/50	5/40
Berlin	54/61	47/54	54/61	47/54
Bombay	10/50	5/40	10/50	5/40
Buenos Aires	54/61	47/54	54/61	47/54
Calcutta	10/50	5/40	10/50	5/40
Cardiff	54/61	47/54	54/61	47/54
Cairo	10/50	5/40	10/50	5/40
Canton	54/61	47/54	54/61	47/54
Chongqing	10/50	5/40	10/50	5/40
Columbus	54/61	47/54	54/61	47/54
Dhaka	10/50	5/40	10/50	5/40
Dublin	54/61	47/54	54/61	47/54
Hankow	10/50	5/40	10/50	5/40
Hong Kong	54/61	47/54	54/61	47/54
Kobe	10/50	5/40	10/50	5/40
London	54/61	47/54	54/61	47/54
Lyons	54/61	47/54	54/61	47/54
Manila	10/50	5/40	10/50	5/40
Moscow	54/61	47/54	54/61	47/54
Mumbai	10/50	5/40	10/50	5/40
Nairobi	54/61	47/54	54/61	47/54
Paris	54/61	47/54	54/61	47/54
Shanghai	10/50	5/40	10/50	5/40
Singapore	54/61	47/54	54/61	47/54
Sourabaya	10/50	5/40	10/50	5/40
Taipei	54/61	47/54	54/61	47/54
Tokyo	10/50	5/40	10/50	5/40
Yokohama	54/61	47/54	54/61	47/54

North America	High	Low	High	Low
Anchorage	54/61	47/54	54/61	47/54
Boston	54/61	47/54	54/61	47/54
Chicago	54/61	47/54	54/61	47/54
Denver	54/61	47/54	54/61	47/54
Detroit	54/61	47/54	54/61	47/54
Houston	54/61	47/54	54/61	47/54
Los Angeles	54/61	47/54	54/61	47/54
Madison	54/61	47/54	54/61	47/54
Memphis	54/61	47/54	54/61	47/54
Minneapolis	54/61	47/54	54/61	47/54
Miami	54/61	47/54	54/61	47/54
Montreal	54/61	47/54	54/61	47/54
New York	54/61	47/54	54/61	47/54
Phoenix	54/61	47/54	54/61	47/54
Pittsburgh	54/61	47/54	54/61	47/54
Portland	54/61	47/54	54/61	47/54
San Francisco	54/61	47/54	54/61	47/54
Seattle	54/61	47/54	54/61	47/54
St. Louis	54/61	47/54	54/61	47/54
Wash. D.C.	54/61	47/54	54/61	47/54

Asia				
	High	Low	High	Low
Algeria	54/61	47/54	54/61	47/54
Amsterdam	54/61	47/54	54/61	47/54
Antwerp	54/61	47/54	54/61	47/54
Athens	54/61	47/54	54/61	47/54
Berlin	54/61	47/54	54/61	47/54
Bombay	54/61	47/54	54/61	47/54
Buenos Aires	54/61	47/54	54/61	47/54
Calcutta	54/61	47/54	54/61	47/54
Cardiff	54/61	47/54	54/61	47/54
Cairo	54/61	47/54	54/61	47/54
Canton	54/61	47/54	54/61	47/54
Chongqing	54/61	47/54	54/61	47/54
Columbus	54/61	47/54	54/61	47/54
Dhaka	54/61	47/54	54/61	47/54
Dublin	54/61	47/54	54/61	47/54
Hankow	54/61	47/54	54/61	47/54
Hong Kong	54/61	47/54	54/61	47/54
Kobe	54/61	47/54	54/61	47/54
London	54/61	47/54	54/61	47/54
Lyons	54/61	47/54	54/61	47/54
Manila	54/61	47/54	54/61	47/54
Medan	54/61	47/54	54/61	47/54
Moscow	54/61	47/54	54/61	47/54
Mumbai	54/61	47/54	54/61	47/54
Nagasaki	54/61	47/54	54/61	47/54
Nanking	54/61	47/54	54/61	47/54
Osaka	54/61	47/54	54/61	47/54
Paris	54/61	47/54	54/61	47/54
Peking	54/61	47/54	54/61	47/54
Perth	54/61	47/54	54/61	47/54
Port of Spain	54/61	47/54	54/61	47/54
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Port of Spain	54/61	47/54	54/61	47

In Quebec, the 'Duplessis Orphans' Battle On for a Catholic Church Apology

By Anthony DePalma
New York Times Service

MONTREAL — Down by the St. Lawrence River, in the parish hall behind the somber stone church of St. Peter the Apostle, Harve Bertrand and other French Canadian Catholics gathered recently to condemn the church that has so thoroughly shaped most aspects of life in the province of Quebec.

"I don't have any problem with their God," Mr. Bertrand said. "But I've got big problems with the people who made the decision that did this to me."

He is a 56-year-old plumber from a Montreal suburb with a wife and three grown children. He is also one of about 3,000 French Canadians known as the "Duplessis orphans" because they were institutionalized in the 1940s and 1950s when Maurice Duplessis was the iron-willed premier of Quebec.

About 300 of the orphans have formed a committee and are demanding an apology and restitution from the Roman Catholic Church and the Quebec government for the way they were treated, and some say physically and sexually

abused, when they were unjustifiably placed in mental institutions as children. Mr. Bertrand says employees at the institution where he was kept for eight years sexually assaulted him more than 30 times, the last in an elevator while he was in a straitjacket.

Most of the "Duplessis orphans" were not orphans at all. Like Mr. Bertrand, they had been born out of wedlock at a time when conservative Catholic sentiments made it wise to keep such transgressions secret. Many illegitimate children were raised in orphanages run by Roman Catholic nuns.

The Duplessis government worked hand in hand with the Catholic Church. When federal money became available for health care, but not education, the government encouraged the religious order to transform their orphanages into mental institutions.

"Quite simply, it was more profitable for the Quebec government and the church to warehouse psychiatric patients than to take care of normal children, so they struck a dirty deal," said Rodrigue Viemian. His wife, Clarissa Duguey, was declared mentally incompetent and kept in a church-run institution after her mother became

sick and her father, a woodsman, was unable to care for his five children.

"When I was 11, they falsified my medical records and classified me as mentally deficient," Mrs. Duguey said. Like many women in Quebec, she kept her maiden name after she married.

Jean Gaudreau, a psychologist at the University of Montreal who visited one of the orphanages in 1961, said there was little doubt that children were unnecessarily institutionalized during that time. Tests conducted then showed, he said, that mental deficiencies were often caused by lack of stimulation, not mental illness.

While unable to prove any specific charges of abuse, a government ombudsman in 1997 documented the existence of as many as 3,000 Duplessis orphans. Without determining who was at fault, the ombudsman recommended that they be compensated.

On Thursday, Premier Lucien Bouchard of Quebec offered the orphans an apology, along with compensation worth the equivalent of about \$2 million. But the committee rejected the offer, which comes to about \$670 for each orphan, and insisted on a full public inquiry.

As they fight for recognition and justice, the orphans are reminding other Quebecers of the enormous changes that have taken place in the province since the 1940s and 1950s.

"What Quebec has undergone is a major cultural trauma," said J. Robert Choquette, a professor of Canadian religious history at the University of Ottawa.

The changes set off by Pope John XXIII in the early 1960s touched Catholics around the world, but few places felt it as deeply as Quebec.

"The church's dominance in Quebec was sweeping," Mr. Choquette said.

At its apogee in the 1940s, the church ran all schools, hospitals and social institutions, like the orphanages, with the consent of the government.

Mr. Duplessis's death in 1959 coincided with an awakening of social awareness that ushered in enormous changes for religion and society and set off a conflict between tradition and modernism.

Today, the small churches and grand cathedrals that once overflowed with the faithful on Sundays are sparsely attended. Quebec's birth rate has dropped from one of the world's highest to one of the lowest, in part because the use of

contraceptives is now widely accepted and abortion is legal. The province has gone from having one of the lowest rates of divorce — prohibited by the Catholic Church — to one of the highest. It also has one of the lowest rates of marriage in Canada, and 53 percent of its children are born out of wedlock.

Even so, the church's presence is virtually inescapable, so much so that when the orphans denounced the church, they did so in rented space at a parish community center.

A few weeks ago, some of the orphans, wearing straitjackets of the type they say were used on them as children, demonstrated before the Montreal offices of the head of the church in Quebec, Jean-Claude Cardinal Turcotte. They demanded an apology, a public inquiry and compensation.

The cardinal refused to meet the orphans, but he did say he did not believe that the nuns who ran the institutions, often under very difficult conditions, had systematically abused their patients.

"When they watch television and hear protesters claim they beat children, that is upsetting," he told a local reporter.

Instead of issuing an apology, he challenged the orphans to prove they were abused.

Republicans' Budget Plan Calls for 'Historic' Tax Cut

By George Hager
Washington Post Service

WASHINGTON — Republican congressional leaders have announced budget plans that they said would set aside more money for Social Security than President Bill Clinton's plan while providing a "historic" tax cut larger than anything Mr. Clinton has called for.

The proposal sets the Republican Congress on a collision course with the White House over how to best use the enormous budget surpluses that are projected over the next 15 years. It also seems to spell a truce between House and Senate Republicans, whose bickering over cutting taxes last year resulted in Congress's first failure in two decades to produce its own budget.

In essence, the plan represents the Republican answer to Mr. Clinton's State of the Union address in January and frames the budget debate that will dominate Congress for the rest of the year and allow both parties to define themselves for the 2000 elections.

But it is a vague proposal, observers said, that could prove tricky to enact as

lawmakers fill in the details.

In his address, Mr. Clinton proposed dividing the budget surpluses among Social Security, Medicare and proposed "USA" savings accounts, with a modest amount left over for extra spending for defense and domestic programs.

With their budget announcement Thursday — following several days of meetings among the House speaker, Representative Dennis Hastert, Republican of Illinois, the Senate majority leader, Trent Lott, Republican of Mississippi, and other senior lawmakers — Republicans said they had more than met Mr. Clinton's proposal for Social Security.

But they rejected his plans for Medicare and the USA savings accounts, while insisting that they would fit extra defense and domestic spending under the tight budget caps set in the 1997 balanced-budget agreement.

The crown jewel of the Republican proposal is a large — but still undefined — tax cut that would dwarf the smaller cuts Mr. Clinton called for in the budget he unveiled early last month. Republicans are talking about slashing taxes by as much as \$800 billion over the next 10 years, an amount that would use all the non-Social Security budget surplus over the next decade.

By contrast, the White House said its tax cuts would amount to roughly \$350 billion to \$400 billion over 10 years, with some three-quarters or more of that coming from the USA savings accounts, which would be structured as tax cuts.

"Americans are entitled to too much money to this town, and we want to send it back," said the chairman of the House Budget Committee, John Kasich, Republican of Ohio, who, with the chairman of the Senate Budget Committee, Pete Domenici, Republican of New Mexico, announced the budget plan that they said they would now shop to Republican members of the House and Senate.

Mr. Domenici and Mr. Kasich both hope to push a congressional budget through Congress by the end of this month.

"They have vowed not to repeat the budget breakdown of last year, when they passed individual budget plans but failed to agree on a compromise congressional budget for the first time since a 1974 law required Congress to produce one."

Congress Rebuffs Latin Storm Help

WASHINGTON — Nearly \$200 billion in emergency hurricane aid to Central America has run afoul of partisan budget politics in the House and Senate, dooming any chance that President Bill Clinton could deliver the aid when he visits the region next week.

Republicans were willing to approve the aid, but only on conditions the president would find unacceptable — cutting an equal amount from such U.S. programs as food stamps and welfare assistance.

The House Republicans disregarded pleas from their new speaker that they go along with Mr. Clinton's plans without causing problems. "It seems that the Republican majority is looking more to play politics with some of the issues than in providing the very needed aid," said the White House spokesman, Joe Lockhart.

The Senate Appropriations Committee unanimously approved \$1.9 billion in new spending, which included \$256 million to help countries like Honduras and Nicaragua rebuild after they were devastated by storms last autumn. (NYT)

Paula Jones Splits Clinton Payment

WASHINGTON — Paula Jones and the lawyers who represented her at various times in her sexual-misconduct suit against President Bill Clinton have agreed on how to share the \$850,000 fund that Mr. Clinton presented to her to settle the case.

Ms. Jones will keep \$200,000, said a lawyer familiar with the settlement order filed Thursday before Judge Susan Webber Wright of the U.S. District Court in Little Rock, Arkansas.

Joseph Cammarata and Gilbert Davis, who represented Ms. Jones for a time, will receive \$266,000, plus 40 percent of her income related to the suit, like personal-appearance fees.

The Dallas law firm of Rader, Campbell, Fisher & Pyke is to receive \$283,000 for Donovan Campbell Jr.'s work on Ms. Jones's behalf, and the Rutherford Institute in Virginia is to get \$100,000. (NYT)

Quote/Unquote

Representative Matt Salmon, Republican of Arizona, after the former House speaker, Newt Gingrich, requested the National Republican Congressional Committee's mailing list to raise money as he positions himself as a political godfather to like-minded candidates: "There's only so much money out there. People get tapped out. Let's make sure our first priority is not personal gratification of somebody. Let's make sure it's going to people who need it in tight races." (WP)



A MAN OF LETTERS — St. John's University in Minnesota has commissioned the calligrapher Donald Jackson, 61, to copy by hand the Bible. Mr. Jackson, who has designed a style of lettering especially for the task and will ornament pages with gold leaf, elaborate letters and illustrations, is expected to unveil a sample of the new work in Minneapolis on March 22.

Mrs. Dole Taking Another Step Toward Candidacy

By David S. Broder
Washington Post Service

WASHINGTON — Elizabeth Hanford Dole will announce next week that she is forming an exploratory committee as a step toward seeking the Republican presidential nomination, according to aides.

The former cabinet secretary and wife of the 1996 presidential nominee, Bob Dole, will declare her intentions in Des Moines, Iowa. The first delegate selection caucuses will be held in that state in 11 months.

Although she is a latecomer to the race, her early poll standings stamp Mrs. Dole as the strongest female presidential aspirant in history. The exploratory committee will al-

low her to begin formal fund-raising and organizing efforts.

Mrs. Dole, who stepped down two months ago as president of the American Red Cross, also announced the hiring of several veteran Republican operatives to head her first venture into elective politics. Thomas Daffron, until recently chief of staff to Senator Fred Thompson, Republican of Tennessee, will manage the exploratory committee.

She enters the race bracketed with Governor George Bush of Texas as the early leaders in the polls. Mr. Bush is scheduled to announce his exploratory committee Sunday.

"Everyone recognizes Governor Bush is

a strong candidate," Mr. Daffron said Thursday, "but we hope to be competitive. We are starting a little late, but there is a lot of support out there."

A USA Today/CNN/Gallup Poll taken last month and reported in editions of USA Today on Thursday found that Mrs. Dole matched Mr. Bush with an 88 percent favorable rating among Republicans and led him, 75 percent to 69 percent, in favorability among all voters.

Mrs. Dole has drawn large crowds at "nonpolitical" appearances in New Hampshire and Iowa since she left the Red Cross.

Aides said hundreds of people volunteered at those events to work for her if she runs.

Annan Responds to Plight of Employees' Former Spouses

By Jim Yardley
New York Times Service

NEW YORK — The secretary general of the United Nations, Kofi Annan, has announced a policy change intended to bring relief to the former wives of United Nations employees who are starting court-ordered spousal and child support.

For decades, a growing group of former United Nations spouses, including many in metropolitan New York, has accused the organization of hypocrisy and callousness because it

allowed employees to avoid such payments.

Worldwide, critics estimated that hundreds of women, perhaps more, have not collected support because the United Nations and its affiliated organizations have refused for decades to waive their international immunity from legal process and garnishee the wages of employees who did not pay.

But Mr. Annan spoke of the rising worldwide poverty among women as he announced Thursday that the United Nations would begin garnisheeing wages of recalcitrant employees case by case. He called the problem of unpaid

support "an issue of moral concern to us."

It presents us with a duty to set an example," he said, according to a transcript of his speech. The details of the policy have not been drafted, but UN officials said work on the new rules was to begin Friday.

Suzanne Coll, who represents more than a dozen former spouses of UN employees, greeted the move with skepticism. The deputy chief of the Family Court Division of the New York City Law Department said the case-by-case review could mean long delays in which the United Nations essentially acted as a court of appeals.

UN's Fear of Offending China Blocks Ethnic Tibetan's Speech

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — UN officials have prevented an ethnic Tibetan from addressing the organization's Commission on the Status of Women, saying such a speech might offend the Chinese delegation and result in China's opposing the accreditation of some women's groups to the world organization.

The incident, which occurred Wednesday, has drawn protests from women's and human rights groups attending the commission's annual two-week conference here.

Losang Rabgey, a Canadian citizen of Tibetan origin who represents an international human rights group called the Transnational Radical Party, was chosen to address the commission as one of five delegates on its task force on women's health. Her topic was to be violence against women in occupied territories.

But officials from the UN Division for the Advancement of Women said she would not be allowed to speak, explaining that her name was identifiably Tibetan and that this might offend the Chinese delegation.

She was also warned that if China was offended, it might oppose accrediting

some women's organizations to the United Nations when their status comes up for review.

Ms. Rabgey then asked another scheduled speaker, Krishanti Dhammaraj of the San Francisco-based Women's Institute for Leadership Development for Human Rights, to mention her exclusion during her address.

After Ms. Dhammaraj did so, UN officials refused to let any of the three other scheduled speakers take the floor. They also expressed displeasure with Dr. Joyce Brock, an American physician and the organizer of the task force, who had selected the original five speakers.

A UN spokeswoman said officials in the Division for the Advancement of Women insisted that the reason Ms. Rabgey was not allowed to speak was that they thought her topic was not relevant to the commission's work.

But Janice Mantell, executive director of the International Committee of Lawyers for Tibet, said Thursday that it was "unacceptable that a UN body entrusted to promote the human rights of women cannot hear from a participant because her ethnic identity is a politically sensitive issue for China."

There was no comment on the matter from the Chinese delegation.

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Albright Meets Rebel Over Timor's Future

Gusmao Maps Transition to Independence

By Keith B. Richburg
Washington Post Service

JAKARTA — The U.S. secretary of state, Madeleine Albright, met Friday with the imprisoned East Timorese resistance leader, Xanana Gusmao, who outlined a plan for a phased transition to independence that could begin with local elections as early as this summer.

The meeting was originally planned for the bungalow where Mr. Gusmao is being held under house arrest. But the site was shifted to the ornate Foreign Ministry complex after dozens of Timorese protesters — both for and against independence — thronged the narrow lane around Mr. Gusmao's house and State Department security officials feared that there could be clashes.

Mrs. Albright told Mr. Gusmao that the United States was concerned that a precipitate Indonesian withdrawal from

East Timor could lead to instability, even chaos.

Earlier in the day, she received a new assurance from President B.J. Habibie that Indonesia would "not walk away" from its responsibility to ensure that any transition in the territory was orderly and without bloodshed.

"The danger is that too abrupt a transition could result in violence comparable to that which followed Portugal's withdrawal in 1975," Mrs. Albright said in a speech to civic leaders after she met separately with Mr. Habibie and Mr. Gusmao. After Portugal withdrew as a colonial power, Indonesia sent troops to the island and then annexed it.

"The goal must not simply be to slice East Timor apart or cast it adrift, but rather to ensure its cohesion and viability — whether through autonomy or independence," Mrs. Albright continued.

She laid out for the first time the Clinton administration's broad views of a Timorese settlement, including an immediate reduction in the number of Indonesian troops in Timor, a dismantling of the military-backed militias and paramilitary groups, the establishment of a broad-based "peace and stability council" representing the various factions and, finally, the introduction of some kind of unspecified international "presence" on Timor that would monitor the transition.

After the Albright-Gusmao meeting, a State Department official said she had found him to be "a very impressive person." He told her they both came from countries that were invaded and occupied — she from Czechoslovakia, he from Timor.

Although Mr. Gusmao has been widely mentioned as the man most likely to become the first president of an independent East Timor, in his session with Mrs. Albright "he was kind of coy on what he wants to do in the future," a State Department official said.

Officials said they found him "pragmatic," particularly with his offer of using district elections — instead of a full-fledged referendum — as a way of deciding on the Indonesian government's offer of an autonomy plan.

Indonesia has said that if autonomy is rejected, Timor could have full inde-



Secretary of State Madeleine Albright, wearing an East Timorese scarf given to her by Xanana Gusmao, right, the East Timorese rebel leader.

pendence, but Indonesian officials refuse to hold a referendum on the autonomy plan.

During her two-day visit to Indonesia — her first as secretary of state — Mrs. Albright mixed praise for the government's dramatic efforts to dismantle the authoritarian structures of the Suharto regime with warnings that much more needed to be done.

Among the continuing problems is the government's inability so far to bring to justice those responsible for the orchestrated violence and human rights abuses of the recent past, like the riots last May, the kidnappings of political activists, the shooting deaths of unarmed student demonstrators and the systematic gang rapes of ethnic Chinese women and girls.

A constant theme in her meetings with Mr. Habibie, Foreign Minister Ali Alatas, Justice Minister Muladi and the defense minister, General Wiranto, was that the armed forces needed to find a better balance between preserving stability and protecting human rights.

In her speech Friday, she repeated that theme, saying, "In any country, there is a burden on the military and police to

preserve stability without engaging in human rights abuses that serve, over time, to provoke new instability. This can be difficult, but — especially during the run-up to the elections — it is essential to be done." Nationwide elections are planned for June.

Officials said that Mrs. Albright also privately raised concerns about specific political prisoners still being held in Indonesian jails, despite a general release of dozens of political prisoners when Mr. Habibie first took office following the fall of President Suharto last May.

The response of Indonesian government officials was constant: that the military is an old institution that is only "evolving" to deal with the country's new democratic reality and that for Indonesians accustomed only to dictatorship and strongman rule, this is a learning process.

Mrs. Albright also urged the government to move faster on carrying out economic reform measures backed by the International Monetary Fund. Among other areas, she expressed concern about the slow pace of bank and corporate restructuring.

POLICY: China Warns U.S. on Taiwan

Continued from Page 1

"That's dignity, sovereignty and integrity. I'm sure that the Chinese people are ready to die for it."

Constituting the clearest outline to date of China's security concerns in Asia, the briefing focused on Taiwan, Japan and North Korea. It filled an important gap in the debate about U.S.-Chinese relations, which have suffered in recent months because of quarrels about security matters, human rights and trade.

In presenting such a broad view of China's security concerns, the official underscored the increasingly wide gap between U.S. and Chinese security interests in Asia. Simply put, the United States believes security in East Asia is founded in a string of military agreements with Australia, Singapore, South Korea and Japan.

China, which has no military allies, opposes such alliances as relics of the Cold War.

The official described this gap as a "fundamental question."

His comments also showed that American officials, in recent talks with their counterparts here, have failed to assuage China's concerns. China has become increasingly vexed as Washington has moved closer to embracing the concept of a missile defense system for the United States, its allies and its military installations abroad. More than 100,000 U.S. troops are stationed in Asia, including 30,000 in South Korea.

The firing of a North Korean rocket on Aug. 31 over Japanese territory increased interest in research into the system and raised the possibility that Japan could participate in related work.

While missile-defense technology is years away from development, the Pentagon approved in January more than \$6 billion to study implementing the system in the United States.

Congress ordered the Pentagon last year to study the transfer of similar technology to Taiwan.

The United States has already sold Taiwan several Patriot anti-missile batteries. The Clinton administration is considering a Taiwanese request to buy Aegis destroyers, which are designed to provide early warning against missile attacks and to counter both short- and medium-range surface-to-surface missiles.

The Chinese official directly contradicted reports that during Secretary of State Madeleine Albright's visit last week to China, U.S. officials were successful in clearing up what they called Chinese "misunderstandings" about proposals for an anti-missile defense system.

The Americans "tried to pacify China," the official said, adding that the U.S. message was: "Please don't worry, don't overreact. We need to improve our technology. It will take 10 years."

"That's what they've been telling us," he said.

At one point, he asserted that the United States was flirting with the idea of installing a missile defense system as a means to "increase their military arms sales to Taiwan."

At another, he said the United States and Japan were exaggerating the military threat of missile attacks from North Korea to set up a Theater Missile Defense system, something he called a "pretext to strengthen their military alliance, enhance their military presence and something else — of course, they know better."

Over an eight-course dinner, punctuated by strong statements in earthy language of opposition toward American security policies in Asia, the official also criticized U.S. attempts to convince China that U.S. steps to bolster its close military relationship with Japan were actually in China's interests. American officials have argued that Washington's close military ties with Tokyo help block Japanese militarization.

"Do they want us to kiss it and love it?" the Chinese official asked, referring to the enhanced U.S.-Japan security agreement.

"According to them, they are doing it for us and Japan should hate it. But the Japanese are kissing it and loving it. They tried to convince us of this kind of

logic — that's it's not good for Japan. They are turning white into black."

Caution Advised

President Jiang Zemin told William Perry, a former U.S. defense secretary, on Friday that differences between the two countries should be "treated with circumspection," Reuters reported from Beijing, quoting Xinhua press agency.

Mr. Perry is visiting China for consultations about North Korea, according to the State Department.

Mr. Jiang told Mr. Perry that it was "not strange" for Beijing and Washington to have differences because of "different national conditions and values." But, he added, it was "important to treat differences with circumspection."

"Differences should be properly handled in the spirit of equality and mutual respect," he said.

CUBA: A Bored Country

Continued from Page 1

dollars. When I see what tourists can do here for fun, I think to myself, 'They are lucky.'

"They have options to make their lives more interesting that I do not have," she added.

Some Cubans say they resort to illegal activities, such as prostitution or selling cigars and rum on the black market, not only for money but also for something to do. Julia, 22, who lives with her brother, said: "If I was not a prostitute, I would be bored to death. How else would I spend my nights? I suppose, watching television with my neighbors because I do not have a television."

Jilberto Castenedo, 24, who is unemployed, said: "It is hard for us to even buy clothes with our national currency. It can be dull wearing the same shirts and pants over and over again."

Another form of entertainment for cash-strapped citizens of the Western hemisphere's most closed society has been mingling with foreigners in the streets. But that has become more risky since Cuban lawmakers approved stiff new penalties last month for political activities seen as supportive of U.S. policy toward Cuba.

In the four decades since Mr. Castro took control of this island, Cuba has never had an abundance of Western-style entertainment and other commercial offerings for its people. The 1959 revolution swept away the casinos and nightclubs in Havana. At the same time, Mr. Castro's government has spent generously on the arts, from opera and ballet to museums and theatrical productions. Tickets cost next to nothing. There are also a vast number of sports and other activities arranged at the community level. The Union of Young Communists, the youth wing of the Communist Party, has set up discotheques and other clubs where customers can pay in pesos.

Miguel Gomez, 25, a taxi driver, said: "There is plenty to do in Cuba, it just depends on whether people are willing to seek it out."

"Unlike other countries where entertainment is all around you and easy to fall into," he added, "you have to work at it a little harder in Cuba. But it is definitely here."

On a recent Saturday night, streams of Cubans poured out of the Karl Marx Theater in Havana, where they had paid pesos to watch a comedy show which, along with movies, is a favorite pastime on the island. But what followed underscored another reason Cubans have a tough time finding ways to enjoy themselves. From the theater, most of the audience had to walk a long distance through a tunnel and into another neighborhood to find a bus stop. Once there, the wait was anything but short.

Maria, a 19-year-old student, said: "If you decide to go out at night, it can be hours before a bus arrives to take you where you want to go."

"Sometimes it is just not worth it," she added.

EU Cost-Cutters Ask for More Farm Support

By Barry James
International Herald Tribune

BRUSSELS — Agriculture ministers adjourned a meeting Friday that was intended to curb agricultural spending, after placing wishes on the table that would add several billion euros to the European Union's farm support bill.

The ministers sent out conflicting signals, with France claiming it had killed a German proposal requiring governments to pick up part of the tab for subsidies, a policy known as co-financing.

Jean Glavany, the French minister, said he had "received assurances" from the German government that the proposal had been dropped. However, a German government spokeswoman, Charima Reinhardt, said that "co-financing remains on the agenda," despite an earlier statement by the German agriculture minister, Karl-Heinz Funke, that it was "no longer an issue."

The ministers were scheduled to meet again next week, seeking a solution that would be formalized at a summit meeting in Berlin later this month.

The talks are an important part of the Union's effort to revamp its \$6 billion euro (\$93 billion) annual budget to pave the way for membership by countries in Eastern and Central Europe.

Extending the benefits of the EU's Common Agriculture Policy to them as it now stands would place an intolerable burden on EU finances, officials said. They added that high levels of farm support also place the EU in an indefensible position ahead of world trade negotiations later this year.

The ministers were seeking a formula that would freeze farm spending around its present level of 40.4 billion euros a year, with an allowance for inflation.

Roughly in line with this objective, Mr. Funke presented a proposal that would set farm spending at a total of 307.1 billion euros for a seven-year period beginning in 2000.

But rather than putting forward proposals that would reduce spending, ministers added demands that would require an additional 19 billion euros in spending over the same period, officials said.

The European Commission, the EU's executive, wants to shift farm support away from price subsidies, which encourage excess production, toward direct income support for farmers, ending a situation in which a minority of the wealthiest farmers get most of the aid.

Greenland Ice Sheet Found to Be Melting

By William K. Stevens
New York Times Service

NEW YORK — The southern half of the Greenland ice sheet, the second largest expanse of land-bound ice on earth after Antarctica, has shrunk substantially in the last five years, scientists have found.

Experts have said for some time that a warming atmosphere has caused many mountain glaciers around the world to shrink.

But until now, they have not known what was happening to the Greenland ice cap.

While five years is too short a period to mark a trend, the new findings, reported Thursday in the journal *Science*, provide the first precise evidence that Greenland's ice, too, is diminishing.

If the big ice sheets melt even partially, sea levels will rise around the world. Melting might also disrupt ocean currents that modulate the earth's climate by distributing heat around the globe.

Although the observed shrinkage in Greenland has evidently not had a major impact so far, it is not trivial. William Krabill, the expert in remote sensing who led the National Aeronautics and Space

Administration team that surveyed the ice, said that each year from 1993 to 1998, southern Greenland lost on average about two cubic miles of ice.

In an aircraft equipped with laser altimeters, the team in 1993 and 1994 measured the thickness of the ice across all of Greenland. Last year, guided by satellite-based positioning that enabled them to retrace their original path exactly, they resurveyed the southern half of the island. This year they plan to resurvey the northern half. The measurements are intended to provide a baseline for continuing studies.

The laser-altimeter method for the first time allowed scientists to measure the ice well enough to gauge whether it was growing or shrinking. Remote sensing by satellite had proved not sufficiently sensitive to detail changes on the fringes of the ice sheet, where most of the shrinkage has taken place.

Richard Alley of Pennsylvania State University, an expert on glaciation and the behavior of ice sheets, said the magnitude of the shrinkage was surprising.

The shrinkage might be related to a general warming of the earth, he added. But it is unclear at this point whether the shrinkage resulted from natural or human causes or both.

The earth's average surface temperature has increased by about 1 degree Fahrenheit (0.6 degrees centigrade) or a little more since the late 19th century, and the 1990s have been the warmest decade on record.

The temperature rise compares with a warming of 5 to 9 degrees Fahrenheit (2.8 to 5 degrees centigrade) since the depths of the last ice age some 20,000 years ago.

Experts believe that the increase is at least partly attributable to emissions of heat-trapping industrial gases such as carbon dioxide, which are emitted by the burning of fossil fuels such as coal and oil.

Corals Devastated By Warmer Seas

Washington Post Service

WASHINGTON — Record-high sea temperatures triggered the largest mass die-off of tropical corals in modern times last year, destroying in some areas more than 70 percent of the reef-building creatures whose elaborate homes form the backbone of ocean ecosystems, according to a government study being released Friday.

The warm weather of 1998, the hottest year in at least six centuries, left a broad swath of dead or damaged tropical corals from the Caribbean to the eastern Pacific, concludes the report by State Department officials and scientists. It suggests that a combination of El Niño and global warming is to blame.

"In 1998, coral reefs around the world appear to have suffered the most extensive and severe bleaching and subsequent mortality in the modern record," says the report, which was being presented in Hawaii to a federal task force. "These events cannot be accounted for by localized stressors or natural variability alone."

Corals "bleach," or lose pigment, when stressed by disease or environmental changes.

of the law." Lord Hailsham, one of the Lord Chancellors he served under, had a less charitable view. "The trouble with Tom Denning," he said, "is that he's always remarking the law, and we never know where we are."

Evan Welling Thomas II, 78, Edited Dozens of Major Books

New York Times Service

NEW YORK — Evan Welling Thomas II, 78, a book editor who published dozens of books, died Saturday at the Preston Health Center in Hilton Head, South Carolina, of complications from multiple sclerosis. An editor with a passion for sharply hewn historical and political writing, Mr. Thomas rose through the ranks to editor in chief at Harper & Bros., where he published several best-sellers, including "Profiles in Courage," "Death of a President" by William Manchester and "The First Circle" by Alexander Solzhenitsyn.

British Balloon Seeks High Wind in Pacific

Agence France-Presse

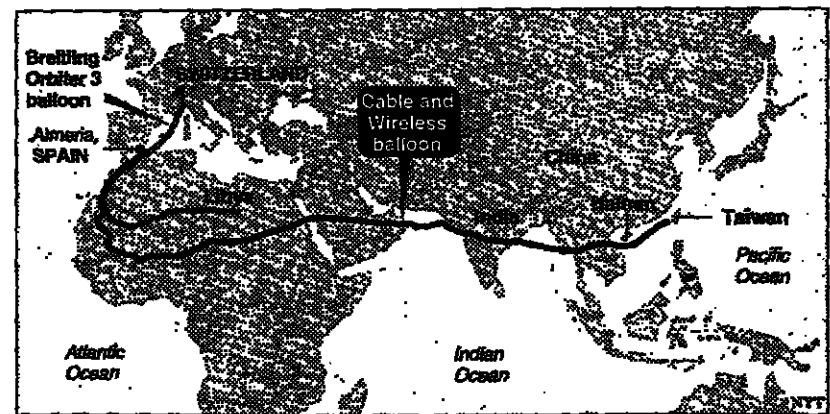
LONDON — The British balloonists Andy Elson and Colin Prescott were still seeking a wind Friday to carry them across the Pacific, flight controllers said.

Mr. Elson and Mr. Prescott, who have broken endurance and distance records since taking off from Spain on Feb. 17, hope to become the first balloonists to fly nonstop round the world.

The pair's Cable and Wireless balloon entered Taiwanese airspace Friday.

The balloon's heating system failed soon after take-off, but so far the pilots have flown low and slowly.

However, to catch the winds that will carry them across the Pacific they must



rise, making sub-freezing temperatures in the cabin probable.

Ian Ashpole, the flight director, said the balloonists had Arctic survival clothing should temperatures drop. "If it's

too cold, they will have to come down," he added.

Flight controllers said a rival Swiss-British team had picked up the jet stream over Libya.

Lord Denning, Judge in Profumo Case, Dies at 100

By Warren Hodge
New York Times Service

LONDON — Lord Denning, 100, whose bent for favoring the relaxed precepts of common sense over the sterner ones of common law earned him the title of "the people's judge," died in a hospital in Winchester on Friday.

Heroic to prominence as the person in charge of the inquiry into the 1963 scandal caused when John Profumo, secretary of war in Harold Macmillan's government, lied to Parliament about the affair he was conducting with Christine Keeler, a model who was also sleeping with a Soviet diplomat.

Lord Denning's populist appeal became fixed in the public mind when one of the young women involved, Mandy Rice-Davies, said afterward, "He's one of the nicest judges I know."

He was to go on to build a reputation as the champion of the underdog with

decisions protecting individuals from exploitation by bureaucrats, large companies and trade unions.

He allowed Sir Freddie Laker to compete with British Airways, paving the way to cheap trans-Atlantic fares, ruled that co-habiting couples could have the same rights as married ones, and broadened women's power to make claims on their husband's wealth in divorce cases. He favored extending legal aid to the middle classes and eased the path for disabled veterans to obtain compensation from the armed forces.

But later in life he showed an uglier side when the underdogs became members of Britain's growing minority community: student demonstrators, rights activists, anti-nuclear protesters and Irish Republican sympathizers arrested for alleged terrorist offenses. He ridiculed the claims of police abuse and false imprisonment by the Guildford Four and the Birmingham Six, two

groups charged with fatal pub bombings in 1974 and exonerated and freed from prison in 1989 and 1991.

The "good English common sense" that he said guided his thinking in his rise through the judiciary left him out of step with the times when individuals increasingly challenged the authority of police. To accept the notion that the police might knowingly lie or set up suspects for conviction would, he said, "open up an appalling vista."

He was obliged to withdraw from publication a book he wrote in the early 1980s because it questioned the capacity of immigrants to serve on juries and the impartiality of nonwhite Britons. He argued convincingly that the perceived slurs were misinterpretations and retired reluctantly in the aftermath.

To one admiring lawyer, Peter Carter-Ruck, Lord Denning "steered the law towards the administration of justice rather than the administration of the let-

ter of the law." Lord Hailsham, one of the Lord Chancellors he served under, had a less charitable view. "The trouble with Tom Denning," he said, "is that he's always remarking the law, and we never know where we are."

Evan Welling Thomas II, 78, Edited Dozens of Major Books

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ITALY: Clinton Offers Apology Over Pilot

Continued from Page 1

the accident on Feb. 3, 1998.

During a training flight in the Italian Alps, Captain Ashby flew into two cables holding up a gondola packed with tourists who were preparing to ski. Eight Germans, five Belgians, one Austrian, one Dutch person, two Poles and three Italians were killed, touching off a wave of criticism that the Marine crew was speeding and showing off in disregard for the civilians around them.

Both leaders noted Friday that there was further judicial action pending and they gauged their comments so as to not influence it. "We expect that at the end of the process it is made clear who was responsible for this accident and that these people are punished for it," Mr. D'Alena said.

The meeting with the Italian leader had been set up long ago, and it was a coincidence that it came on the heels of the acquittal.

Politicians in Italy's ruling coalition demanded an urgent review of the NATO base accords. But Defense Minister Carlo Scognamiglio, while expressing concern over the jury's decision, insisted the verdict should not harm ties between two allies.

Interior Minister Rosa Russo Jervolino, however, was incensed, describing the court-martial verdict as "absolutely unacceptable."

"We have total respect for the American court system but 20 people were killed in Italy," she said. "We are not looking for revenge but justice."

Some Italians said they were disgusted after hearing that cheers erupted in the court from relatives when the verdict was read.

Mr. Scognamiglio, who spoke by telephone with Mr. Cohen, said it may be time to reflect about rules relating to jurisdiction of NATO military personnel

operating in other allied states.

Luigi Manconi, spokesman for the Greens, part of Mr. D'Alena's center-left government, was less restrained, describing the verdict as "outrageous."

"It throws up a very real problem here in relation to the treaty in which we agreed that if an offense is committed in our country, jurisdiction will be handled in the United States," Mr. Manconi said. (AP, Reuters, AFP)

Other Charges Pending

Matthew L. Wald of The New York Times reported earlier from Camp Lejeune in North Carolina:

Captain Ashby still faces charges of obstruction of justice, as does his navigator, Captain Joseph Schweitzer, 30, of Westbury, New York, because they allegedly concealed a videotape on which they recorded part of the flight.

The whereabouts of that tape is still unclear.

But after the verdict it was not certain whether the Marine Corps would still press homicide or manslaughter charges against Captain Schweitzer.

During the flight, Captain Ashby was at the jet's controls and Captain Schweitzer sat on his right, as mission planner.

The 17-day court-martial, along with pretrial hearings and two Marine Corps investigations, made clear that lack of communications led to the accident.

But the verdict, delivered after seven hours of deliberations, raised the possibility that the most serious punishments meted out will have been against the squadron commander, who was relieved of command, and the squadron's director of safety standardization, who received a letter of reprimand that effectively ended his career.

The plane was supposed to stay 1,000 feet (330 meters) above the ground but hit the cable at about 360 feet.

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ABU DHABI INTERNATIONAL AIRPORT

Abu Dhabi International Airport's ambitious expansion plan will allow it to welcome the 7.2 million passengers expected to arrive annually by 2002.

The new facilities will include a second airport satellite — linked to the existing airport by a new, ultramodern shuttle service — a 200-room luxury hotel, a second golf course and a major expansion of the world-class duty-free complex.



FULL SPEED AHEAD TO THE NEW MILLENNIUM

The airport expansion master plan combines the best in passenger service with leading-edge technology.

Abu Dhabi is going full speed ahead on plans to ensure its economic growth and financial strength well into the new millennium. Major oil and gas projects and expansions of the emirate's utilities are already under way. The city of Abu Dhabi is growing rapidly, both as a banking and industrial center for the region and as a destination for the discerning tourist attracted by its first-class recreational facilities and luxury hotels. The development of Abu Dhabi International Airport is a major pillar in all these plans.

"By 2005, we want to have the best airport in the Gulf," says Abdullah Bulhaif, director of engineering and maintenance at the Department of Civil Aviation (DCA).

The DCA, under the leadership of Chairman Sheikh Hamdan bin Mubarak al Nahyan, has now drawn up a master plan to upgrade the airport and prepare it for

growth in passenger numbers from 3.8 million in 1998 to 7.2 million by 2002 and beyond. As passengers arrive, they will quickly realize that every detail of the airport has been planned to ensure their total comfort and security, from touchdown to departure.

"Everything about the development of Abu Dhabi and its airport is part of a concerted effort to develop it as the quality destination of the region," says Mr. Bulhaif.

New satellite
At the heart of the expansion program is the construction of a new terminal and satellite, designed by Aéroports de Paris to follow the same lines as the architecture of the existing airport. All facilities will incorporate the latest technology to achieve a high level of passenger service, along with flexibility and efficiency in operations. The new 100-meter-diameter satellite, twice the size of the existing facility, will connect

to 11 aircraft stands able to accommodate all types of aircraft, and will meet the needs of departing and transferring passengers.

Transport between the existing satellite and the new one will be handled by the first rapid-transit shuttle service in the Middle East.

Each shuttle will hold 30 passengers and will provide continuous service, with waiting times of no more than 20 seconds. This will guarantee a comfortable, speedy and relaxing ride, even when 2,000 passengers per hour are moving in each direction.

The elevated shuttle will be more than just a means of transport, however. It will also offer spectacular views of the airport and will be part of the program to make even the shortest stop in Abu Dhabi a memorable experience. The expansion will also ensure a high level of security through the separation of arriving and departing passengers.

In the existing satellite, passengers can look forward to a new level of comfort with the provision of five luxurious new passenger lounges. They will be equipped with spacious waiting areas and a cafeteria and will help to avoid crowding and speed up check-in procedures.

Plans also include construction of a second, 4,100-meter parallel runway. It will be 60 meters wide, with a 7.5-meter shoulder and a 30-meter-wide taxiway, enabling it to meet latest ICAO standards and handle the new largest aircraft (NLA).

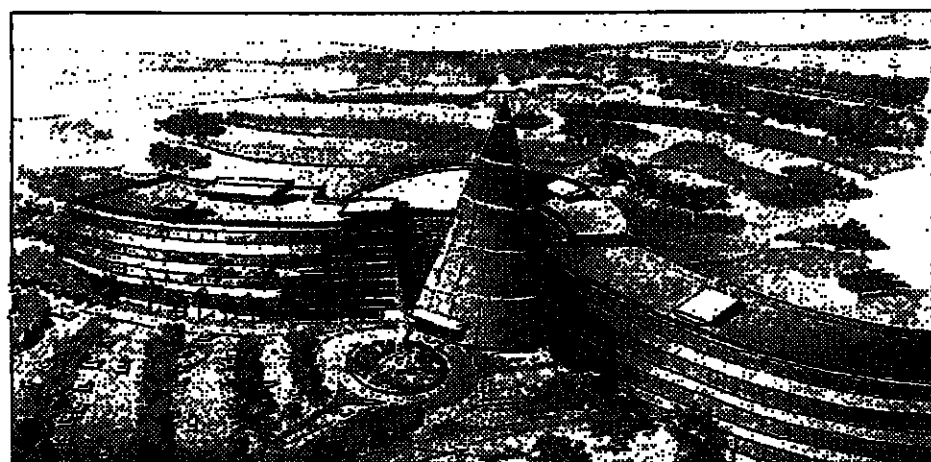
Runway equipment will include the most advanced instrument landing and lighting systems to ensure maximum safety and efficiency.

"The second runway will have an approximately 441-meter center-line separation from the existing runway, with a parallel taxiway and high-speed exit taxiway," says Mr. Bulhaif.

All 11 new aircraft stands

will be equipped with a 400 Hz power supply, aircraft conditioning, and compressed aircraft and fuel hydrant pits. They will have facilities for one NLA, five B747-400s, four B767s and one A320 aircraft. The stands will be supplemented by seven remote stands able to handle four B747s and three B767s. "The expansion will bring new efficiency to aircraft management at the airport and will be directly beneficial to the 45 airlines we currently serve," says Mr. Bulhaif.

Upgraded cargo service
New freight facilities will include two 8,500-square-meter buildings, plus 5,500 square meters of open shed area. Cargo companies will have the option of renting space in the new facilities. The expanded facilities will upgrade cargo handling service at the airport and strengthen Abu Dhabi's role as a transit center for the region. ●



Top to bottom: The interior of the second satellite will offer spectacular views of the airport; the second satellite will be connected to 11 aircraft stands; the new nine-hole golf course — along with the existing 18-hole sand course — will give golf-lovers another reason to stay in Abu Dhabi; the Abu Dhabi duty-free complex is a shopper's paradise and will be expanding to offer an astounding 7,200 meters of luxury name brands and other fine goods.

DUTY FREE: ONLY THE BEST WILL DO

The world-class duty-free complex brings luxury and excitement to the shopping experience.

Says Mohamed Mounib, general manager of the Abu Dhabi and Al Ain Duty Free Shops: "The new Abu Dhabi duty-free facility will be a high street shopping experience with best of the world's products in 50 brand-name boutiques and 20 specialty boutiques."

It will be a high street with a difference, however, as its walkways and escalators overlooking the airport boarding lounges add both comfort and excitement to the shopping experience.

The duty-free expansion project is part of the overall master plan for the airport, which will also provide space for first- and business-class lounges, recreation rooms, a movie theater and a playground. The new duty-free area will be distributed over the existing airport satellite and the new satellite now under development.

and is continuing even as work gets under way on the airport expansion program. Shoppers can now enjoy browsing and buying in a number of boutiques and fashion shops, including those of such world fashion leaders as Hugo Boss and Givenchy, each with its own identity and style. Shoppers will find not only high-quality products but also the same individual service and attention offered by the best boutiques.

Full range of products
In 1997, the perfume, leather accessories, and toys and books sections of the duty-free complex all underwent the branding transformation. The leather section now has five top brand names: Gucci, Ferragamo, Versace, Adolfo and Richel. Each brand has its own area to provide shoppers with the best in international style and flexible pricing.

Top name brands
Abu Dhabi Duty Free is already the only duty-free shopping area in the Middle East with dedicated brand-name shops. The shift to this innovative approach to duty-free marketing has been under way over the past few years in the existing two-floor, 3,200-meter complex

Now 20 of the companies in the perfume and beauty-care products outlet also have branded corners with their corporate identities and a full range of their products. Names such as Christian Dior, Chanel, YSL, Clinique, Clarins, Calvin Klein, Estée Lauder, Cartier, Lancôme, Bulgari, Nina Ricci and Aramis testify to the high quality demanded for all products on offer at Abu Dhabi Duty Free.

Whether it is 30 brands of sunglasses, each with its own stand and branding, or the pro-golf shop, the emphasis is on quality brands and wide choice. The quality extends to the tasteful decor, with its subtle lighting, marble floors and air of quiet luxury.

Award-winning complex
The refurbishment program in the current satellite at the airport will continue throughout 1999 and will be coordinated with the development of the new satellite. The planned expansion of the airport offers exciting new opportunities to extend the concept as it will provide an extra 4,000 square meters of retail space, bringing the total duty-free shopping area to



Sheikh Hamdan bin Mubarak al Nahyan, chairman of the DCA.

TOWARD THE 21ST CENTURY

"The countdown to the 21st century has begun, and Abu Dhabi International Airport is on track to meet the diverse challenges the new century will bring. We are now well on course to upgrade the airport to meet the needs of our passengers in the year 2000 and well beyond."

"The Abu Dhabi Department of Civil Aviation has drawn up a comprehensive master plan that includes the construction of a new satellite and terminal building that will allow us to double our passenger-handling capacity to more than 7 million. The plan also includes the construction of a new 200-room hotel adjacent to the airport, offering all facilities to the transfer passenger and a major expansion of duty-free facilities."

"With the expansions, we will optimize aircraft movement through the airport and further our plans to establish Abu Dhabi International Airport as the leading hub between Asia, the Far East and Europe."

"This is a clear sign of our commitment to progress, not only as an airport, but also extending beyond to the Emirate of Abu Dhabi in particular and to the UAE in general."

HAMDAN BIN MUBARAK AL NAHYAN,
CHAIRMAN OF THE DCA

TOP-FLIGHT HOTEL SET FOR EXPANSION

The five-star airport hotel provides all the amenities of a first-class resort.

Passengers landing at Abu Dhabi International Airport might be forgiven for believing they have arrived at a very special holiday destination.

From its world-class hotel and top-of-the-line duty-free shops to its unique 18-hole golf course and business traveler club, the airport provides transfer passengers with all the facilities of a first-class resort.

"The concept in Abu Dhabi is excellence in all its services and its standard of living, and this extends to the airport and its facilities," says Mohamed Mounib, commercial development and marketing manager of the Department of Civil Aviation. "We want the traveler to look on the airport as a destination in itself, not just a transit point," he adds.

which opened in November 1997. The course has its own fully equipped Abu Dhabi International Airport Golf Club, which is open to transit passengers with stays of six hours or more. Visitors can obtain a 96-hour temporary visa, and a full range of golfing clothes and equipment is available for rental. The driving range is floodlit to allow maximum use, and the club's resident golf pro is on hand to help players find their way around the Golf Academy — a computer-based facility designed to boost the technique of the serious golfer or provide amusement for beginners.

The clubhouse has a restaurant, tennis court and swimming pool, adding to the resort atmosphere.

The airport business center provides 24-hour services, while a fast-track arrival and departure service and "meet and greet" service ensure smooth travel for all business visitors.

New hotel, new delights
All this might seem to be enough for any traveler but, as Abu Dhabi gears up for the new millennium and the expected growth in arrival figures to 7.2 million annually, it is already planning

new delights for the comfort and entertainment of its passengers.

An exclusive new 200-room hotel with all facilities, including a health club and swimming pools, is to be built adjacent to the airport. The hotel is being designed to take advantage of views of a new nine-hole grass golf course, which will complement the existing 18-hole sand course, and the landscaped gardens that will be part of the complex. The new golf course will be floodlit to ensure that arriving passengers will have 24-hour-a-day access. ●

INTERNATIONAL PASSENGER TRAFFIC KEEPS ON CLIMBING

Abu Dhabi is well on its way to becoming a regional industrial center, investing over \$3 billion to develop its petrochemical base and increase its upstream gas handling capacity alone.

Abu Dhabi is also pushing to establish itself as a leading transit center and tourist destination, upgrading and expanding all elements of its infrastructure and transport facilities.

Abu Dhabi International Airport is playing a key role as the major entry point to the emirate; passenger arrivals are increasing year by year.

Khaled al Mohairbi, Abu Dhabi International Airport's director, says over all traffic through the airport in 1998 reached 3.4 million, an increase of 8 percent over 1997. This included a 7 percent increase in departures, a 10 percent increase in arrivals and an 8

percent increase in transit passengers. Of the total, 33 percent were from the Middle East, 19 percent were from Gulf Cooperation Council countries and 25 percent were from Asia, including 13 percent from India. Another 11 percent of passengers were from Europe, with a variety of other nationalities making up the final 12 percent.

Mr. Mohairbi says more than 40 airlines now operate from the airport, linking it to more than 90 international airports. Over the past year a number of new airlines were attracted by the airport's strategic location and first-class facilities.

"During 1998, we signed agreements with two charter airlines, Britannia and LTU, under which they will utilize Abu Dhabi for their technical stopovers and as a transit point during flights between Europe and the Far East," he says.

A number of new airlines also began operations out of Abu Dhabi during 1998. These included Shaheen Air, Air Maldives, Air Afrique and Czech Airlines. Their entry has added northern Pakistan, the Maldives, West Africa and Mauritania to the countries and regions connected to Abu Dhabi and increased the choice and flexibility of routes available to passengers.

Mr. Mohairbi is confident that the major expansion under way in all aspects of the airport will confirm Abu Dhabi's role as both a major transit point and a major destination for the Gulf and the wider Middle East region well into the 21st century. "Once our airport expansion program is complete," he says, "Abu Dhabi International Airport will be offering services in keeping with the promise of the new millennium."

7,200 meters. Abu Dhabi Duty Free has already won several awards for excellence and promotion from the tax-free industry and is confident that its new facilities will keep it in the forefront of duty-free developments worldwide.

"Sales from the duty-free area are already more than \$90 million annually, and will continue to rise with the growth in passenger numbers and development of the unique Abu Dhabi Duty Free style," predicts Mr. Mounib. ●

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EDITORIALS/OPINION

Herald Tribune

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Justice Blackmun's Journey

He sometimes referred to himself as "Old No. 3," recalling his unexpected ascension to the Supreme Court in 1970 as President Richard Nixon's safe third choice following the Senate's rejection of Clement Haynsworth and G. Harrold Carswell. But Harry Blackmun, the retired justice who died Thursday at the age of 90, evolved during a remarkable 24-year career on the court from a bland and conservative "Minnesota twin" of his boyhood friend Chief Justice Warren Burger to an empathetic champion of civil rights and civil liberties.

Justice Blackmun secured his legacy just three years into his tenure by writing the court's wise decision in *Roe v. Wade* that established women's constitutional

right to abortion. As the court's membership changed, and amid a steady stream of hate mail, he fought hard to preserve *Roe*'s central holding and to fend off new abortion restrictions.

Despite his lengthy tenure, Justice Blackmun never outgrew his passion for justice or capacity for change. No one would have predicted that the justice who cast a dissenting vote in 1971 to block the publication of the Pentagon Papers by The New York Times would go on to become a supporter of free speech and affirmative action, or that he would change his mind on capital punishment, coming to oppose it in all instances. But America is much better for his journey.

—THE NEW YORK TIMES.

The Two Faces of China

The U.S. debate on policy toward China ranges over many subjects but often comes back to one question: Is China becoming a responsible player in world affairs?

Where you stand on issues such as transferring high technology to China or encouraging its membership in the World Trade Organization tends to depend on how you evaluate China's role. Is it increasingly, as the Clinton administration contends, a force for stability and peace? Or does its Communist regime have a fundamentally different view of the world and its interests therein, as might be indicated by its sale of missile technology to unsavory regimes and its threats to peaceful neighbors?

No one can say where China is headed. But a clue to how it pursues its ambitions right now is on view in the tiny country of Macedonia, population 2.1 million. That is where a small but successful United Nations peacekeeping force closed up shop this week because China, angry that Macedonia had extended diplomatic recognition to Taiwan, spitefully insisted on its demise.

The implications of this little-remarked development are substantial. Unlike most of its neighbors, Macedonia managed to emerge from its place within the former Yugoslavia without bloodshed. But its success was far from inevitable. Its ethnic mix (including 66 percent Macedonian and 23 percent Albanian) could have been combustible. It has suffered threats from Serbian nationalists, hostility from Greece, indirect damage from the international economic sanctions on Serbia. Now fighting has resumed in Kosovo just a few miles from Macedonia's border.

This is a particularly dangerous time to remove the stabilizing influence of the UN peacekeepers.

With effort, the blow may prove not to be fatal. Macedonia has avoided the fate of its neighbors primarily because its own political leaders have chosen tolerance. It has been helped toward conflict resolution by nongovernmental groups, such as Search for Common Ground, that will keep working. But the 1,000-troop UN force, including 360 Americans, also has played an important role.

Now that China has blocked the mission, other organizations such as NATO should step in if possible to keep the force in place.

Which brings us to the second implication of China's move. Some Europeans argue that the UN Security Council should govern NATO's actions in Europe, effectively giving China and Russia a veto over NATO operations. This episode points to the risks of such a policy.

China's reckless willingness to risk a further spread of war in the Balkans also has implications for how China is, or should be, perceived in global affairs. Perhaps it is too much to expect China or Taiwan to give up its competition for diplomatic recognition from other states. This is a game both have played for years, wielding promises of aid and investment as well as, in China's case, threats. But a great power, by definition, is capable of setting aside parochial slights in the larger interest of regional peace. China, though it occupies one of five great-power seats on the UN Security Council, clearly does not qualify.

—THE WASHINGTON POST.

Who Looks Naive Now?

For the past 14 months the American public has had only the most fleeting, if endlessly repeated, glimpses of Monica Lewinsky. Now she is at last everywhere — on every TV screen and on the shelves of every bookstore — in a well-schooled, well-rehearsed version of her own voice. What makes this news is that suddenly, after many anticipatory rumormongers, one of the leading but essentially unknown characters in this national drama has walked onstage, inviting us to re-estimate her and everyone around her, including President Bill Clinton and Kenneth Starr, the independent counsel.

There is no question that Ms. Lewinsky's emergence has been skillfully managed. On ABC's "20/20," she was forced by the terms of her immunity agreement with the independent counsel's office to stay silent on her treatment by Mr. Starr's prosecutors. That silence is one of the things that will help sell "Monica's Story," by Andrew Morton, in which she vilifies Mr. Starr without restraint.

But for most Americans the centerpiece of this odd debut is not the book but Ms. Lewinsky's interview Wednesday with Barbara Walters. It was an inevitable pairing. Ms. Walters' job was to pat the emotions of her guest. Ms. Lewinsky's job was to re-shape the terms in which her story has been presented by Linda Tripp, Mr. Starr and the House managers. She succeeded to a degree that perhaps only Mr. Clinton and the managers who interviewed her in January could have guessed.

Above all, Ms. Lewinsky wanted to rewrite the ingenu's role. From the evidence of her narrative, the woman who suffered so badly from the legal fumbling of her first lawyer, William

Ginsburg, is at last benefiting from high-priced coaching in the fields of public relations, sound-bite and psychology. Suddenly, her story was not about a stained dress or tawdry hallway trysts. It was about a giddy, Cosmo version of self-realization, a tale told in the psychosexual language of the magazine covers that urge their readers to own their sensuality.

In Ms. Lewinsky's story, it seemed mysteriously irrelevant to the heroine and her beau that the venue for this self-actualizing encounter was the White House. Although she was generally merciful in sketching Mr. Clinton, neither the House managers nor the independent counsel has offered an iteration in which he looked dimmer. Mr. Clinton has already been depicted as reckless and as the prisoner of a passionate marriage. In this latest account, there is a more insulting portrait. Though underworn is to Mr. Clinton's brain what kryptonite is to Superman's muscles. "It's a dance. I think it was saying, 'I'm interested too, I'll play,'" the Beverly Hills lady said in explaining the IQ-melting impact that exposing this bit of elastic had on a lover she regarded as imprisoned by bumpy religiosity.

"I knew the rules," she offered on the protocols of affairs with married partners. However you judge Ms. Lewinsky — and the air is turbulent with judgment — here is the language of real sexual adventure, the language, perhaps, of the 18th-century novel — of "Tom Jones" and of de Laigues, the author of "Les Liaisons Dangereuses." The twist is that in the game of flirtation as Ms. Lewinsky played it, the player who looks naive is the president of the United States.

—THE NEW YORK TIMES.

Sneakers and Burgers Aren't the Real Enemies

By Salman Rushdie

LONDON — A couple of years ago a British literary festival staged a public debate on the motion that "it is the duty of every European to resist American culture." Along with two American journalists, (one of whom was Sidney Blumenthal now more famous as a Clinton aide and impeachment witness), I opposed the motion. I am happy to report that we won, capturing roughly 60 percent of the audience's vote.

But it was an odd sort of victory. My American co-panelists were surprised by the strength of the audience's anti-Americanism — after all, 40 percent of the crowd had voted for the motion. Mr. Blumenthal, noting that "American culture" as represented by American armed forces had liberated Europe from Nazism not all that many years ago, was puzzled by the audience's apparent lack of gratitude. And there was a residual feeling that the case for "resistance" was actually pretty strong.

Since that day, the debate about cultural globalization and its military-political sidekick, interventionism, has continued to intensify, and anti-American sentiment is, if anything, on the increase. In most people's heads, globalization has come to mean the worldwide triumph of Nike, the Gap and MTV. Confusingly, we want these goods and services when we behave as consumers, but with our cultural hats on we have begun to deplore their omnipresence.

On the merits of intervention, even

greater confusion reigns. We do not seem to know if we want a world policeman or not. If the "international community," which these days is little more than a euphemism for the United States, fails to intervene promptly in Rwanda, Bosnia, Kosovo, it is excoriated for that failure. Elsewhere, it is criticized just as vehemently when it does intervene: when American bombs fall on Iraq, or when American agents assist in the capture of the Kurdish leader Abdullah Ocalan.

Clearly, those of us who shelter under the pax Americana are deeply ambivalent about it, and the United States will no doubt continue to be surprised by the level of the world's ingratitude. The globalizing power of American culture is opposed by an improbable alliance that includes everyone from cultural-relativist liberals to hard-line fundamentalists, with all manner of pluralists and individualists, to say nothing of flag-waving nationalists and splintering sectarians, in between.

Much ecological concern is presently being expressed about the crisis in biodiversity, the possibility that a fifth or more of the earth's species of living forms may soon become extinct. To some, globalization is an equivalent social catastrophe, with equally alarming implications for the survival of true

cultural diversity, of the world's precious localness: the Indianness of India, the Frenchness of France.

Amid this din of global defensiveness, little thought is given to some of the most important questions raised by going away any time soon. For instance: Do cultures actually exist as separate, pure, defensible entities? Is not mélange, adulteration, impurity, pick'n'mix at the heart of the idea of the modern, and hasn't it been that way for most of this all-shook-up century? Doesn't the idea of pure cultures, in urgent need of being kept free from alien contamination, lead us inexorably toward apartheid, toward ethnic cleansing, toward the gas chamber?

Or, to put it another way: Are there other universals besides international conglomerates and the interests of superpowers? And if by chance there were a universal value that might for the sake of argument be called "freedom," whose enemies — tyranny, bigotry, intolerance, fanaticism, were the enemies of us all; and if this "freedom" were discovered to exist in greater quantity in the countries of the West than anywhere else on earth; and if, in the world as it actually exists, rather than in some unattainable Utopia, the authority of the United States were the best current guarantor of that "freedom," then might it not follow that to oppose the spread of American

culture would be to take up arms against the wrong foe?

By agreeing on what we are against, we discover what we are for.

André Malraux believed that the third millennium must be the age of religion. I would say rather that it must be the age in which we finally grow out of our need for religion. But to cease to believe in our gods is not the same thing as commencing to believe in nothing.

There are fundamental freedoms to fight for, and it will not do to doom the terrorized women of Afghanistan or of the circumcision-happy lands of Africa by calling their oppression their "culture." And of course it is America's duty not to abuse its pre-eminence, and it is our right to criticize such abuses when they happen — when, for example, innocent factories in Sudan are bombed, or Iraqi civilians pointlessly killed.

But perhaps we, too, need to rethink our easy condemnations.

Sneakers, burgers, blue jeans and music videos are not the enemy. If the young people of Iran now insist on rock concerts, who are we to criticize their cultural contamination? Out there are real tyrants to defeat. Let's keep our eyes on the prize.

Mr. Rushdie is the author of "The Satanic Verses," "The Moor's Last Sigh" and the forthcoming "The Ground Beneath Her Feet." He contributed this comment to The New York Times.

Lewinsky, an Icon for a Culture Beyond Embarrassment

By David Brooks

WASHINGTON — Didn't Monica Lewinsky glow the other night? Didn't she look oddly happy during her interview on ABC? And no wonder.

Here is a young woman who has been consuming glossy culture all her life: following the soaps, reading the magazines, watching Barbara Walters ask the celebrities how they feel.

And then it's her turn! Barbara Walters is asking her how she feels. This is the grand moment! No wonder she was such a fabulous performer. This is her milieu. And it is striking how seamlessly she blends into the prime-time publicity machine.

On Wednesday night with Ms. Walters she started talking about her undergarments, and in a few minutes, ABC broke for a Victoria's Secret commercial showing women hanging around a castle in their underwear. She talked about seducing a powerful man, and ABC then ran a promo for a television drama about Cleopatra seducing a powerful man.

She talked about how hard it was to have a weight problem at Beverly Hills High. And every

third commercial break, it seemed, contained an announcement for some diet concoction.

So Monica Lewinsky is not some challenge to the moral order, or the amoral temptress some have made her out to be. She is a figure more familiar to our age, a media-savvy victim.

And along with her fine qualities — her intelligence and vivacity — she is also something else that is quintessentially of our age. She is almost beyond shame and embarrassment.

She walked into the White House, where Thomas Jefferson and Abraham Lincoln lived. She met the president of the United States, and flashed her thigh underwear. And now, she still considers that a small, subtle flirtatious gesture. In Ms. Lewinsky's world, like in the larger culture, everything ends up exposed.

So, of course, she told her friends all the intimate details. Of course she told Mr. Clinton she was bedding another man at the Pentagon. And of course she decides to end the whole epis-

ode with a big book and television promotional tour that will take her to a signing at Harrods department store in London (apparently no Princess Diana connection will go unexploited).

And in keeping with the glossy culture that is her home, everything in this world has to be overplayed. Everything has to be inflated into something grander than it is. She describes her affair with the president as a grand passion, a modern-day tragedy à la Romeo and Juliet. But, from the facts, it looks more like a mere sentimental attachment on his part. Mr. Clinton never told her he loved her, and there were times, she earlier testified, she was not even sure he remembered her name.

Later, Ms. Lewinsky described Mr. Clinton as her sensual soulmate. She used the word sensual constantly and proudly. Wednesday night, I counted eight uses of the word in a five-minute span. But it is hard to fathom what was sensual about their trysts.

These were merely sexual

encounters, according to her testimony, events that were far flatter and more tawdry than anything Lady Chatterley might have written about. But in using the word soulmate, Ms. Lewinsky again displays her ear for the argot of the media age.

These days you can scarcely turn around in an American bookstore without stumbling across a book with the word soul in the title, and everything from organic vegetables to hiking boots comes enveloped in a fog of pseudo-spirituality.

So of course Ms. Lewinsky's Oval Office visits get narrated that way. And when she gets her picture taken for Vanity Fair wearing \$600,000 worth of diamond jewelry, why should she not call the experience champagne for the soul, as she does in Andrew Morton's book, "Monica's Story"? Everybody else in America's trash culture appropriates profound concepts for shallow ends.

The Lewinsky affair and the mountain of media output it has produced leave us in this bewildering lukewarm world. It is a world of entertainment val-

ues, somehow beyond the reach of anything important.

A couple of times Ms. Walters tried to get Ms. Lewinsky to talk about morality. But asking her to reflect on right and wrong was like asking her to use the language of another universe.

The world we have been peering into is somehow beyond good and evil. It is a world of sentimentality, of makeovers, of people who tear up just before the commercial breaks, and then return with uplifting visions of a life with family by show's end.

The philosopher Vico maintained that each civilization gets the dramas it deserves. The Greeks got terrifying and grand tragedies. Americans are more farcical, more comfortable and more bourgeois. And so we get, in the perils of Monica Lewinsky, a night of pretty engaging television, which we will probably all have forgotten by next week.

The writer, senior editor at The Weekly Standard, contributed this comment to The New York Times.

The Specter of Deflation Threatens to Become Reality

By Robert J. Samelson

WASHINGTON — In the history of the past 30 years, the rise and fall of inflation plays a huge role in shaping politics and social change. The advent of double-digit inflation in the United States and Britain propelled Margaret Thatcher and Ronald Reagan to power. Low inflation has now sustained America's economic boom, which helped President Bill Clinton survive impeachment and has lifted the stock market. But with inflation apparently tamed, do we now face the opposite threat: deflation?

The fact that the question is being asked reflects a dramatic reversal. In 1979, inflation (as measured by the consumer price index) was 13 percent in the United States. In France, Italy and Britain it was 12 percent, 20 percent and 17 percent, respectively, according to the Organization for Economic Cooperation and Development. In 1998, inflation in those countries was 1.6 percent (United States), 0.3 percent (France),

1.5 percent (Italy) and 2.7 (Britain). Behind these figures lies an intellectual revolution.

What was discarded was the notion that easy money could, by stimulating borrowing and spending, expand production and reduce unemployment. Just the opposite occurred. By fostering inflation ("too much money chasing too few goods"), it upset the U.S. economy. Companies thought they could pass along higher costs in higher prices. Workers expected that ever-higher wages would offset inflation. The Federal Reserve lurching between loose policies (which raised inflation) and tight policies (which tried to quell it). In the 1981-82 recession, short-term interest rates reached 22 percent, monthly unemployment peaked at 10.8 percent.

It was this episode — and the growing conviction that the Fed would resist any run-up of prices — that gradually purged most inflationary expectations.

The same thing happened in Europe. But hardly anyone imagined that the process might lead to deflation. This possibility is no longer outlandish.

Let's define our terms. Just as inflation is the persistent rise of most prices, deflation is the persistent fall of most prices. The United States does not have that yet. But the United States has had "disinflation" — a drop of inflation.

So have most countries. But not all. Japan and China have had modest deflation. In Japan, consumer prices have dipped slightly in recent months, and wholesale prices declined 4.4 percent in 1998. In China, retail prices have dropped for 14 months, says Nicholas Lardy, an economist at the Brookings Institution. More conspicuous has been the deflation of raw materials. At \$10 to \$12 a barrel, oil prices are at 1977-78 levels.

Rosanne Cahn, economist at Credit Suisse First Boston, at-

tributes U.S. disinflation to three causes: worldwide overinvestment that has created surpluses; deregulation of some industries, which has intensified competition; and weak bargaining power by workers, which has enabled companies to hold down labor costs. But deflation — where it exists — seems to stem from one main cause: gluts.

Even in 1995, China reported that production capacity for more than 900 major goods was almost twice demand, says Mr. Lardy. Japan's industrial output in 1998 was slightly lower than in 1989, says Douglas Ostrom of the Japan Economic Institute. Because industry had expanded, he says that factories operated at about 82 percent of capacity. As for raw materials, Asia's slump has depressed worldwide demand and led to oversupply.

If mild, deflation is tolerable. Lower prices expand people's purchasing power. The effects on the economy may cancel. But at some point, the damage to producers may overwhelm any benefit to consumers. If prices sink too low, companies cannot cover costs or service debts. They fire workers, cancel investment or go out of business. Or consumers may postpone purchases because they think prices will drop further.

The obvious ways to stop deflation are to curb supply or expand demand. The first solution is painful and possibly self-defeating. But it is occurring. Even some Japanese companies are shutting plants and resorting to layoffs. Expanding demand is more fun. For this reason, The Economist correctly urges the European Central Bank to cut interest rates and chide the Bank of Japan for not expanding the money supply faster. But these blunt approaches may not fully erase oversupply.

The largest bulwark now against worldwide deflation is the U.S. economy. Indeed, its irrepressible growth last week pushed up long-term interest rates on fears of higher inflation. But there are contradictory signs. Since early 1998, industrial utilization (the share of factory capacity being used) has declined. This suggests possible surpluses that could depress prices, profits and production. For now, deflation remains a specter. But should it become reality, we can be sure that deflation will unsettle the social and political order.

The Washington Post.

The Problem Is With Exchange Rates

by Gregory Clark

TOKYO — For years the United States has been warning the world about protectionist evils. Free trade and free market competitiveness should decide all, it says.

Now, the boot is on the other foot. Washington is trying to tell the world — Brazil, Russia, South Korea, and Japan — to stop selling their cheap steel on the U.S. market, or else. So who is being protectionist?

It is not necessarily the United States. In a world where currencies can fall 10 percent to 20 percent in a few days, arguments about free market competitiveness and protectionism are meaningless.

If countries like Brazil, Russia and South Korea can sell steel in America for many dollars a ton less than they could a few months earlier, this has little to do with genuine competitiveness. But it does have a lot to do with speculators out to make a killing by manipulating currencies.

True, some balance may be restored when the speculators reverse course and try to make

even more money by lifting the currencies they once attacked. But in the meantime, what is the United States supposed to do?

For some extraordinary reason Western trade theorists refuse to look seriously at the problem of arbitrary exchange rate fluctuations. For them, the protectionist evil is simply the distorting effect of tariffs and subsidies on international trade. They ignore the far more distorting effect of currency collapses, which overnight allow all exports from a weak currency nation to gain an effective subsidy.

One reason for this blindness, perhaps, is that the textbooks were written back in the days of stable exchange rates. But whatever the reason, the net result is the same: When the dollar strengthens for speculative reasons against the currencies of trade-surplus nations like Japan, and vital U.S. domestic industries unfairly

lose competitive advantage as a result, U.S. trade authorities are not allowed to talk about exchange rates as the culprit.

Even less are they allowed to suggest compensating tariffs or subsidies to counter the harmful effects of currency shifts.

Instead, they are forced to resort to weird arguments about foreigners closing their markets and therefore being subject to retaliation, or they say that foreigners have suddenly decided to dump surplus output in the U.S. market and are therefore subject to punitive penalties. Massive friction, trauma and anti-U.S. sentiment are the natural result.

President Bill Clinton won an election with the slogan: It's the economy, stupid. Someone should tell the trade economists, and the World Trade Organization: It's the exchange rate, stupid.

The writer, a former Australian diplomat and longtime resident of Japan, contributed this comment to The International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Indecent Kilts

NEW YORK — The people of Paterson are excited over the question "Are kilts indecent?" The Rev. Frank Hoagland, local secretary of the Young Men's Christian Association, has refused permission to the Clan MacDonald to give an entertainment because the programme included a Highland fling danced by four Scotchmen in kilts. Mr. Hoagland pronounced kilts to be highly improper and declared that the indecent exposure of bare legs shocked the ladies.

1924: Modern Women

LONDON — Modern habits of women are shortening their lives, declared Dr. H. Griffin at the London College of Physiology. The habits were those associated with dress, eating and smoking. Thousands of middle-aged women, he said, go into early graves as the result

of their attempt to capture that beauty of form which is the prerogative of youth and which modern fashion demands. With reference to smoking, he said that the habit is more dangerous to women than to men, as they are frailier, and their delicate tissues are less able to stand the poisonous action of tobacco.

1949: East-West Film

LONDON — A Soviet film dealing with the East-West struggle in Germany was previewed in Moscow. The broadcast described the film, "Meeting on the Elbe," as dealing with the "struggle of the Soviet people for the democratic reconstruction of Germany." But the broadcast said all was not well in the American Zone where "the American command obeys the orders of Wall Street by seeking to squeeze the lifeblood out of the country and reduce it to an American colony."

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EUROPEAN FINE ARTS

LOOKING BEYOND THE LOW COUNTRIES

Flemish and Dutch Old Masters are TEFAP's forte, but more Italian and French works are being shown.

Regularly billed, and with considerable justification, as the best art and antiques fair in the world, The European Fine Art Fair in Maastricht is holding its 21st annual edition March 13 to 21.

The 183 international dealers, 12 of them newcomers, who are attending will set up their stands just on the edge of the charming medieval Dutch town, in the unprepossessing but eminently functional Maastricht Exhibition and Conference Center. The rigorous vetting procedure to check the authenticity and condition of every object in the fair is even stricter this year.

Around 65,000 visitors are expected, most of them highly motivated and seriously interested in buying: a good 20 percent of TEFAP's visitors buy something. Most will come from northern Europe, and in particular that prosperous corner of the European Union embracing Holland, Belgium and the German Rhineland. Individual and museum collectors will also be traveling in from much farther afield — Americans are at present the fastest growing group of visitors.

Slightly more spacious this year, thanks to the addition of a newly constructed hall measuring 5,000 square feet (465 square meters), TEFAP Maastricht will be divided, with its customary logic, into six sections: Old Master paintings, drawings and prints; 20th-century art; antiquities and objects d'art; classical and Egyptian antiquities; illuminated manuscripts, rare books and maps; and jewelry.

Old Master paintings and especially Old Master Dutch and Flemish paintings, remain the trademark of Maastricht. Buyers from northern Europe are famously fond of the often highly

decorative floral studies, still lifes, church interiors and scenes of village life which form the bulk of late 16th- and 17th-century Northern School works.

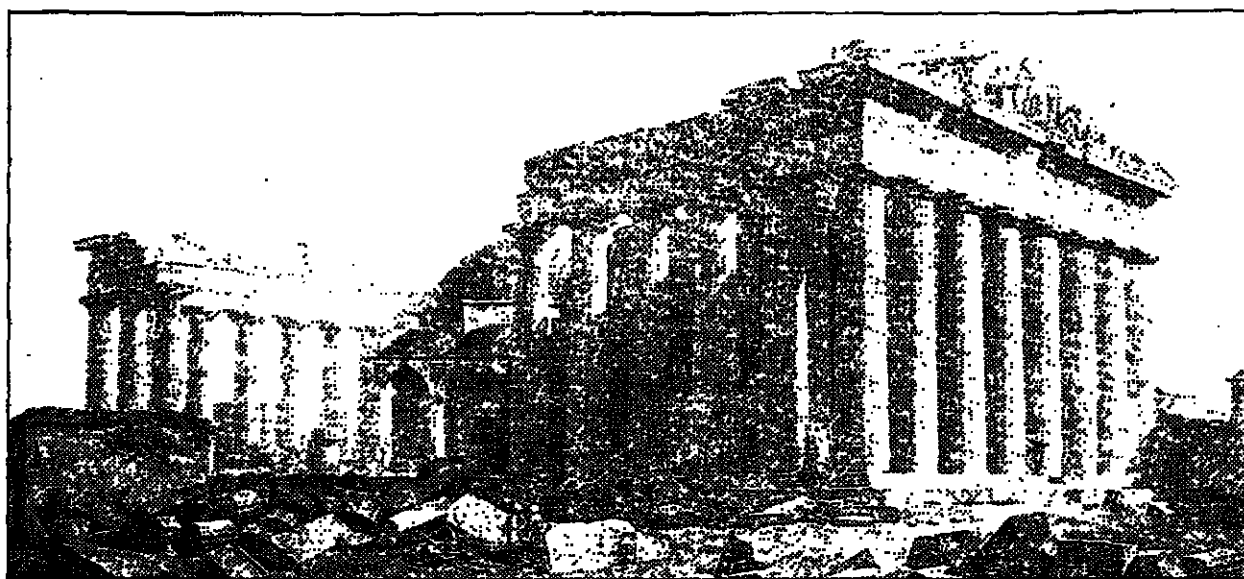
Several canvases stand out from the rest. London dealer Johnny Van Haefen will be showing a painting of an alchemist in his workshop by the 17th-century artist Frans van Meirits the Elder.

Agnew's from London will be exhibiting a 1619 portrait by Cornelis de Vos of a richly garbed lady of the Pelgrom family from Antwerp. During his lifetime, the artist was overshadowed by his brother Paul and his brothers-in-law Jan Wildens and Frans Snyders. Snyders' "Still Life with Game" will be shown by Adam Williams Fine Art of New York.

Dutch-born New York dealer Bob Haboldt will exhibit one of the first known landscapes by 17th-century Dutch painter Salomon van Ruysdael. He is also showing — and this is a sign of the way Maastricht's Old Master section is developing — a major painting of Saint John the Evangelist dating from the early 1420's by the Tuscan artist Masolino da Panicale. The painting has been kept for several generations in a private Connecticut collection.

Newcomers

Over recent years, Maastricht has been attracting an increasing number of dealers of Old Masters whose specialist fields include British, French, Italian and Spanish art. This year, Trafalgar Galleries of London will show the original version of a painting of which several later versions exist — "The Wedding at Cana" of 1579 by Jacopo Bassano and Leandro, his son.



French & Company is showing Turpin de Crissé's view of the Acropolis in Athens, painted in 1804, at The European Fine Art Fair.

Piero Corsini of New York will show two winter landscapes by 18th-century painter Francesco Foschi. While Colnaghi of London will give pride of place to the portrait of a Dominican monk by Bernardo Strozzi, himself a reclusive Capuchin friar who had been allowed to leave his convent, in 1610 at age 29, in order to paint.

The presence of such museum-style works does not preclude that of more modestly priced, quality canvases. French & Company from New York are showing a splendid view of the Acropolis, painted in 1804 by French artist Turpin de Crissé, just before the British ambassador to Constantinople, Lord Elgin, removed the monument's famous marble friezes. Paris dealer Jean-François Heim, meanwhile, has organized an exhibition of Danish painting from 1810 to 1890, while his brother Philippe Heim, on a separate stand, will be showing

among others, pre-World War II French colonial scenes by Joseph Inguimberty.

Modern canvases, too

Modern and contemporary paintings are represented at the fair as well. Once the weakest part of the fair, dominated by Dutch dealers aiming at a very local market, the 20th-century arts section continues to develop apace with the arrival of an increasing number of high-quality international dealers, bringing modern works by big name artists.

This year Annely Juda from London will show recent still lifes by David Hockney, and the Paris gallery Cazeau-La Béraudière will show major early 20th-century works, including a Cézanne still life from around 1900, depicting apples on a table. ●

THE RICHNESS THAT IS MAASTRICHT

The art and culture of civilizations from all over the globe are represented at the fair.

The rich variety and quality of the art objects at The European Fine Art Fair is, along with Old Master paintings and drawings, what brings the international collectors and dealers to Maastricht every year. Items on show range from religious and funerary artifacts of ancient Mediterranean civilizations to sophisticated silverware created by leading European art nouveau and art deco practitioners for the tables of the rich.

Among the dealers in antiquities, New York's Royal Athena Galleries will give pride of place to an important large statue of Pharaoh Orsonok II, a handsome seated figure in granite, dating from 874-850 B.C.

Panama dated A.D. 400-900. Paris's Galerie Mermoz will also field an impressive display of pre-Columbian statues and carvings, while Anthony Meyer, also from Paris, will be putting prime pieces of much sought-after Oceanic art on show.

Furniture

The very grandest sort of furniture was a field in which Maastricht used to lag behind other international fairs, but in which it is getting gradually stronger.

Paris 18th-century furniture and art objects specialist Jacques Perrin has been attending the fair since 1996.

Adriano and Nicky Ribolzi of Monte-Carlo are long-standing exhibitors who will be joined for the second consecutive year by Bernard Steinitz from Paris, a leading specialist in 18th-century wood paneling, art objects and furniture. Pelham Galleries from London are showing a pair of George II console tables from 1748 in pure Rococo style, sculpted by Matthias Lock. Frank C. Möller Fine Arts of Hamburg will present a marquetry secretary by the German cabinetmaker David Roentgen, who worked for Marie-Antoinette, Frederick the Great, and Catherine the Great of Russia.

The jewelry section will comprise only four dealers, but four of the world's biggest: Gianmaria Buccellati from Milan, Hemmerle Juweliers from Munich, Harry Winston of New York and Paris and, perhaps the most celebrated of all Parisian firms, Cartier. Cartier is showing 40 exceptional items in sapphires and emeralds. The exhibition includes a platinum necklace in the shape of a snake. Its scales, made of diamonds, enclose two drop emeralds, and rows of smaller baroque emeralds garland its body. ●

The Far East

The field of ancient Chinese art and archeology will be represented by specialists such as Ben Janssens Oriental Art from London: the Dutch gallery Vandervan and Vandervan, dealing in both Chinese and Japanese art; and Marcel Nies, from Antwerp, who will be showing an intricately carved Tibetan book cover from around 1200.

More recent Chinese and other Far Eastern textiles, meanwhile, including the exquisitely embroidered and decorated gowns, purses, slippers and headdresses once worn by members of the imperial Chinese court, will be found with Linda Wrigglesworth of London.

Pre-Columbian

The highly specialist collecting field of "primitive art" will be represented by some of the world's most reputed dealers. Lin and Emile Detaille from Brussels are showing, among others, pre-Columbian pieces such as a starkly stylized ceramic mask from El Bolo in Colombia and a beautifully preserved gold "standing man" from

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ART

Rome's Baroque Art In a Stunning Light

Show of Drawings Reveals Aesthetic Diversity

By Souren Melikian
International Herald Tribune

LONDON — The privilege is rarely offered to the public because few tackle the difficult genre — the unedited art exhibition, defined chronologically and geographically, not by theme or whimsy, to reveal a school of art in its entirety.

Conceived to celebrate the publication of the major catalogue raisonné of 17th-century "Roman Baroque Drawings" in the British Museum by Nicholas Turner, the show displays the whole collection, much of it for the first time, until April 18. The result is stunning.

The diversity of aesthetic approaches in 17th-century Rome probably exceeded anything seen previously, but without the drawings we might not know it. Where else would we detect an implicit strain in the Carracci brothers, better known for their powerful scenes in dramatic lighting?

A design done around 1597-1600 by Annibale for the Tazza Farnese is full of witty humor. A drunken, overweight Silenus is attended to by satyrs carrying wine in goatkins. The scene is enclosed within a garland broken up by goat and lion masks that snarl and leer like none too saintly churchmen. But the artist prudently removed these from the final design for the cup, now in Naples.

Annibale, it would appear, held a dim view of Roman society, as a sheet covered with rows of small profiles suggests. From a thug with a felt hat at a rakish slant to a woman, no longer in her prime, enraged and hawking, these are unflattering caricatures — a genre said to have been invented by the Carracci brothers.

It requires an aptitude at bringing out essentials with explosive vigor and Annibale undoubtedly had both. A close-up view of a man rowing, done in black chalk as a part cartoon for a Palazzo Farnese fresco, that has a directness worthy of the 19th century hardly belongs to the art of its time — nor to the officially approved version as it appears in the fresco.

Neither do some more serene drawings. Around 1622, Domenichino (Domenico Zampieri) sketched a balding scholar, head thrown back, wistfully looking down. With his thick curly hair on the side of the head, his wrinkled forehead and his expression of aloof understanding, the head is a powerful psychological study. Not much of it is left in the head of Saint Luke in the fresco for which it served as a model in

the church of San Andrea della Valle.

It is almost as if a very modern perception — terse, allusive — had guided the Roman artists when sketching spontaneously. An exquisite first thought for a "Virgin and Child" seen through an oval frame held up by two angels was brisk, jotted down by Carlo Maratta in the 1670s. The quick, nervous strokes give it a vibrant touch. Descriptive detail is conspicuously absent, movement is all-important.

Even when it gets precise, Maratta's drawing style bears little relationship to his painting. Around the same time, the artist portrayed his friend, the sculptor Domenico Guidi. The intensity of the luminous eyes, the forced smile suggesting intense, barely controllable pain, the flowing rhythm of the curly hair that comes down over the neck, give the sketch an immediacy unmatched in Maratta's oil portraits, admirable as some of them are.

Other likenesses of the period have a timeless quality. In the late 1670s, the rare Giovanni Bonati drew a man standing, holding a book open with one finger, and tilting his head to one side, his lips tightly pressed in tense concentration. This is a study for "Saint Charles Borromeo Succoring the Plague Stricken," painted around 1680 in the Roman church of Santa Maria Valicella — the "Chiesa Nuova." But Bonati's sketch of the single figure, seen out of context, could almost be mistaken for the work of some mid-19th-century artist working in a classical manner like Degas in the early 1860s.

MUCH remains to be learned about the Baroque draftsman. Two of the masterpieces in the show are enigmas that may not be easily elucidated. One is an unforgettable portrait of a young boy. It seems too sharp, but also too balanced and restrained, to be the work of Gianlorenzo Bernini, who is credited for it. The feel is rather North European. A Frenchman working in Rome, perhaps?

The French expatriates certainly produced some of the most remarkable Roman drawings but retained a distinctive personality even when they saw themselves as Italianized. Il Borgognone, "the Burgundian," as Jacques Courtois, alias Giacomo Cortese, came to be called, arrived in Italy in 1636. By 1638, the Frenchman was in Rome, which he rarely left.

Yet as a draftsman, Cortese/Courtois comes closer to Jacques Callot or to



"Portrait of a Boy," ascribed to Gianlorenzo Bernini.

Nicolas Poussin than to Michelangelo Cernozzi, the battle-scene painter whom he met and who probably inspired him to take up the same specialty. The British Museum preserves a magnificent album of 32 of Cortese's drawings. They are as fascinating to the modern eye as finished paintings of similar subjects can be wearisome for their conventionality.

The sketches do not depict the battle, they transcribe impressions of movement and rhythm, leaving out all detail. In a fabulous study of a skirmish, the horsemen are silhouettes with blank features. The sound and the fury are there, but there is no tale. In another drawing, a fallen horse sprawls in the foreground. Beyond, a hazy swarm of cavalry leads up to the foot of the hill, topped by a fortress. It is an impression of light, movement, dust and death, without pathos.

Most surprising to the nonspecialist is the extraordinary difference that could separate drawings in different techniques by the same artist.

Pier Francesco Mola's "Expulsion from Eden" is a semi-abstract evocation in blobs and streaks of dark brown wash. One fails to detect any link with the

impressionistic but decidedly figural kneeling man drawn in black chalk, his head lifted toward the sky in an attitude of entreaty, also drawn by Mola as part of a cartoon for "Joseph Greeting His Brethren." Nor does the cartoon have much in common with the painting in the Quirinal Palace in Rome.

Somewhat, the minute the painters took up their brushes, the Baroque draftsman's freedom vanished, uniformity crept in.

Few exhibitions say as much about the complexities of art history in such enchanting fashion. This is the perfect teaching show with the lightest possible touch, thanks to the labels written by Hugo Chapman in highly readable form. You want to spend hours, notebook in hand, catching glimpses of cultural history and art as first thought up by its creators, in one of the best-designed prints and drawings cabinets where the lighting is perfect, the display always convenient. They talk a lot about giving full "access" to the public in museums. This is it, without demagoguery or Mickey Mouse vulgarity. Fewer and fewer institutions know how to do it.

Painted Landscapes That Absorb Geology

By David Galloway
Special to the Herald Tribune

DUSSELDORF — On the international art scene, the Danish artist Per Kirkeby is perhaps best known for his elegantly reductionist brick structures. A unique amalgam of sculpture, architecture and mortared poetry, such works for a quarter-century have graced international exhibitions, including the Kassel "Documenta" and the Venice Biennale. One of these ambiguous structures has been commissioned for the entrance to Expo 2000 in Hannover, Germany.

For all that exposure, in addition to recent showings of his bronzes at London's Tate Gallery and the Haus der Kunst in Munich, the 60-year-old artist remains first and foremost a painter. His sensuously expressive canvases would seem to stand in dramatic contrast to the built works, as though the artist had intentionally cultivated divergent idioms to mark the frontiers of his aesthetic interests.

This dramatic polarity, on the other hand, can scarcely do justice to Kirkeby's extraordinary range. Trained as a geologist, he participated in numerous expeditions before entering art school. He then made films, collaborated on performances with Nam June Paik and Joseph Beuys, and in 1967 published his first novel. More than 60 books have followed, including poetry, novellas, scientific essays and illustrated meditations on art.

Meanwhile, he has continued to make geological expeditions, taught art at the Karlsruhe Academy in Germany and created plans for a new art museum in Aarhus, Denmark. He has also designed a production of "Swan Lake" for the New York City Ballet, to premiere at the end of April.

For the artist himself, painting is the key to this diverse oeuvre. Indeed, in his view, architecture and sculpture, literature and film are all simply "painting with different media." His geological studies, too, have long since been absorbed into the painterly process — itself a kind of visual research into structure, space and matter. "When I paint a picture," Kirkeby reflected, "the actual process of painting reminds me, in many respects, of the processes which took place, over a very long period of time, when the world and its landscapes were first being created."

Plainly the simplest approach to the painted works is to regard them as landscapes, and Kirkeby often alludes visu-

ally to that great 19th-century tradition. Superficially, at least, such an approach is supported by the current retrospective of 50 paintings, 90 drawings and two bronzes at the Kunstsammlung Nordrhein-Westfalen in Dusseldorf. A series of intimate but intensely charged watercolors, made during a Greenland expedition in 1993, documents the geologist-painter's eye for precise physical detail. Distilled and abstracted, that disciplined approach finds operatic expression in the paintings.

In many of the canvases, the Earth's crust appears to heave and buckle, sedimentary layers churning together in a furious act balanced between creation and destruction. In others, ancient boulders seem to hover timelessly beneath a blanket of sea-swept fog. But such metaphors are ultimately insufficient to account for the impact of these works. If they are informed by geology, they are in no sense illustrations of a visually measurable world. Far more, they launch their own expeditions into the world of painting, including reflections on its possibilities and its limitations.

GESTURES that at first glance seem spontaneous and expressive reveal themselves on closer contemplation as part of an overall plan in which each individual detail is meticulously imbedded. It thus comes as no surprise that the artist may devote months or even years to a single canvas, evolving it layer by painstaking layer. Often the final step consists in laying striated lines and hatchings of color over the surface, as though Kirkeby intentionally seeks to cancel — or at least to counteract — any impression of romantic landscape painting. Yet these "jottings" also enhance purely painterly features of structure, depth and mass.

For those who know only isolated works by the Danish artist, the Dusseldorf retrospective offers valuable insight into the evolution of his form language: from watercolors and drawings to figure-like series of canvases and monumental bronzes.

Not inappropriately, the entire presentation has something of the feel of a natural-history museum, ranging from intimate cabinets with smaller "specimens" to halls trimmed to the dimensions of giant panoramas. Kirkeby himself designed the exhibition architecture.

David Galloway is an art critic and free-lance curator based in Wuppertal, Germany.



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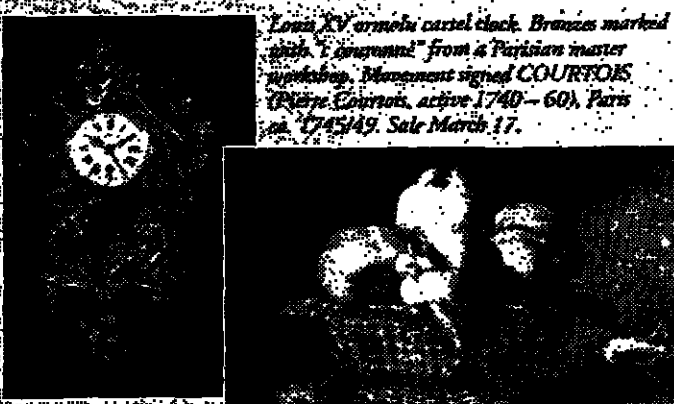
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El Al Faces Unique Hurdles In Public Sale

By William A. Orme Jr.
New York Times Service

LOD, Israel — As airline employees cheered, the shiny Boeing 737, a blue Star of David freshly emblazoned on its tail, touched down at Ben-Gurion International Airport here, the first of eight new Boeing jets that El Al Israel Airlines Ltd., the Israeli international flag carrier, is acquiring this year.

This \$600 million fleet upgrade, the biggest aircraft investment in El Al's history, is the most visible and costly part of a campaign to prepare the airline to sell stock to private investors as early as April.

With a redesigned logo, chic new uniforms and an income statement modestly in the black after recurring state-subsidized losses, El Al is trying hard to become what Tom Schick, executive vice president at Boeing, called in a visit here "a new, aggressive and customer-focused airline."

Like Israel itself, El Al is 50 years old, proud of a pioneering past and a proven ability to survive, even thrive, in adversity. Also like Israel, the airline must cope with deep divisions, both political and cultural, as it strives to compete as an equal in the world market, without compromising its security or special national identity.

Private ownership and private management are the keys to El Al's economic future, its executives say, taking their cue from dozens of other state airlines that have been converted into commercial enterprises in recent years.

But El Al is no ordinary airline, and selling it is no ordinary marketing challenge.

Its history as a terrorist target has made it perhaps the most security-conscious carrier in the world. Every flight has its own undercover armed guard. Nearly every pilot is a former Israeli Air Force officer.

At home and abroad, baggage inspections and preflight security checks are carried out in deadly earnest with the company's own state-of-the-art equipment and specially trained personnel. Aircraft like the new 737s are fitted at company hangars with classified Israeli security hardware.

All this adds \$70 million to \$100 million a year to operating costs, El Al executives say. That is a daunting sum for a company that generates about \$1.2 billion in annual revenue.

Under state ownership, about two-thirds of this expense has been absorbed by Israeli security agencies, but the government and El Al management are now debating how these costs should be shared, and calculated, once El Al is no longer wholly owned by the government.

"This comes with a price tag," said Joseph Ciechanover, the chairman of El Al, "and the costs and the respon-

See EL AL Page 12



No Ordinary Airline

- Sep. 30, 1948 Chaim Weizman, flying from Geneva to be sworn in as Israel's first president, arrives aboard an Israeli Air Force DC-4 repainted and re-registered one day earlier as a commercial aircraft bearing the name El Al, a Hebrew term meaning "upward."
- Nov. 15, 1948 El Al is legally incorporated as Israel's national airline.
- July 31, 1949 El Al's first scheduled flight to Paris.
- July 27, 1955 Bulgarian fighters shoot down an El Al plane near the Greek-Bulgarian border, killing all aboard.
- June 5-10, 1967 During the Six-Day War, El Al, unlike all other airlines, maintains regular international air service to Israel.
- July 22, 1968 Palestinian skyjackers force an El Al jetliner to land in Algeria.
- Dec. 28, 1968 Terrorists attack an El Al jet at airport in Athens, prompting the airline to use special guards as its regular security force.
- Feb. 18, 1969 Terrorists attack an El Al airliner at Zurich airport.
- Sep. 6, 1970 El Al security repels attempted skyjacking by a Palestinian terrorist group, which elsewhere seizes jets from Pan Am, TWA and Swissair and destroys them in Amman, Jordan.
- Sep. 12, 1982 The government shuts down El Al for four months in labor dispute.
- Aug. 1989 Plan to privatize El Al is announced but not carried out.
- March 1990 The first El Al flight from Israel to Cairo.
- Jan. 1, 1990 El Al begins two years of flights for Jewish immigrants from the former Soviet Union, continuing through the Gulf War.
- May 24, 1991 El Al's fleet airlifts 15,000 Ethiopian Jews from Addis Ababa.
- June 6, 1994 A cabinet committee recommends the sale of 51 percent of El Al to private investors; the offering is postponed in late 1995 after the assassination of Prime Minister Yitzhak Rabin.
- Jan. 1999 Boeing and Airbus are asked to present bids to supply El Al with up to five long-range-mid size aircraft, as the Netanyahu government prepares to sell up to 49 percent of the airline to the public.

The New York Times



A Jewish immigrant from the former Soviet Union walking among baggage at Ben-Gurion airport in 1990 after arriving on an El Al flight.

Blair Hints at EU Shift on Bananas And Pledges to Intervene With U.S.

By Tom Buerkle
International Herald Tribune

LONDON — Prime Minister Tony Blair said Friday he would work to head off a trans-Atlantic trade war over bananas, and hinted at possible changes in the European import rules that are the source of the dispute.

Mr. Blair's intervention came as senior European Union and U.S. officials sought to cool their rhetoric and prevent the dispute from damaging their broader commercial and political relationships.

But there were no formal talks planned, and officials said there was little likelihood that the two sides could negotiate a settlement before a World Trade Organization panel rules on the banana case early next month.

In Geneva, meanwhile, the WTO called an emergency meeting of its general council for Monday to hear an EU protest over Washington's decision on Wednesday to impose conditional sanctions on \$520 million worth of European imports.

The council was not expected to take any action in the case but the meeting would provide the EU with a chance to build political support for its position.

The dispute has placed Mr. Blair in an

uncomfortable position and poses a serious test of his close relationship with President Bill Clinton. He talked by telephone with Mr. Clinton for 15 minutes Thursday evening about the dispute and called the conversation "very constructive."

"We are also going to sort it out within the European Union as well as with the U.S.," Mr. Blair said on radio during a visit to Glasgow. "So I will be making a lot of calls in the next few days."

Mr. Blair's comment offered the first suggestion of movement in the European stance by an EU leader. Until now, EU trade officials have rebuffed U.S. requests for consultations about its banana-import system ahead of the WTO panel ruling, which is due by April 12.

The U.S. sanctions impose conditional 100 percent tariffs on a range of European consumer goods, including cashmere sweaters from Scotland. News of the sanctions broke here as Mr. Blair arrived in Scotland to campaign for his Labour Party ahead of a May 6 election for a new Scottish Parliament.

Cashmere producers reacted with outrage and said as many as 2,000 jobs in the industry could be lost, prompting the government to promise funds to meet the cost of the U.S. sanctions.



Prime Minister Tony Blair speaking at a Labour Party conference.

Rates Lift Stocks in Europe and Japan

Compiled by Our Staff From Dispatches

Financial markets in Europe and Japan surged on Friday as investors saw improving prospects for interest rates.

In Japan, long-term interest rates fell, giving authorities some breathing room in their efforts to resuscitate the gasping economy, while in Europe, markets took their cue from early results on Wall Street, where stocks soared after fresh employment statistics led many to believe that U.S. interest rates would not rise in the near term.

Stock prices in Tokyo rocketed 5.01 percent, the biggest gain in six months, as the markets continued to respond to aggressive monetary-easing measures by the Bank of Japan.

"The investment environment was ideal today," said Kazunori Jinnai at Daiwa Securities Co.

The Japanese central bank has driven

a key overnight interest rate essentially to zero this week by flooding the money market with funds. Some of this liquidity has sloshed over into longer-term debt markets as investors bought long-term Japanese government bonds, pushing prices up and yields down.

"Long-term interest rates had been over 2 percent and were something of a worry," Finance Minister Kiichi Miyazawa said Friday. But in the past few days, rates have fallen sharply.

With interest rates falling, the yen has dropped sharply against the dollar in recent days as investors have less incentive to hold Japanese securities. But the drop in the yen has helped the stock market, because it makes Japanese companies' exports more competitive overseas.

The Nikkei average of 225 stocks closed up 710.55 points at 14,894.00.

In Europe, banks led the gains on

hopes that slower inflation and lower rates in the United States will spill over to Europe. DaimlerChrysler AG and other companies that trade or do business in the United States also rose.

Frankfurt stocks posted the strongest gains, with the benchmark DAX index rising 3.4 percent, to 4,839.09 points. In London, the Financial Times-Stock Exchange 100 index rose 1.7 percent, to 6,205.50. Paris stocks rose 2.5 percent, while the benchmark index in Amsterdam added 2.6 percent.

James Cornish, a European strategist at BT Alex. Brown, said the news that U.S. hourly wages rose just 0.1 percent in February while the economy created 275,000 jobs was "good news for equity markets across the board." With no inflationary pressure, "there's no reason" the Federal Reserve Board should raise rates, he said. (Reuters, AP, Bloomberg)

Brazil Poised to Seal Revised IMF Deal

Compiled by Our Staff From Dispatches

SAO PAULO — Brazil and the International Monetary Fund were poised to reach a new aid agreement Friday that would pave the way for fresh loans from a \$41.5 billion credit line to bolster reserves and shore up investor confidence.

The agreement, which revises a deal arranged in November, would pave the way for a \$9.3 billion payment in exchange for additional spending cuts and tax increases.

Brazil needs the cash to replenish its foreign reserves, which have been depleted by soaring debt costs after the devaluation of the real in January.

Foreign currency reserves totaled \$34.799 billion on Thursday night, down from \$35.028 billion late Wednesday, the central bank said.

"The IMF package provides a financial bridge over a temporary lack of resources to close the current-account gap," said Arminio Fraga, the new central bank president.

The cost of shoring up the currency

and assuring international aid could be a deeper recession in Latin America's biggest economy.

On Thursday, his first day on the job, Mr. Fraga raised interest rates to 45 percent in a controversial effort to stamp out inflation. He called the increase in the central bank's lending rate for commercial banks necessary to keep prices from exploding.

Prices have risen sharply since January, when Brazil stopped spending dollars to prop up its currency. The real has lost about 43 percent of its value since then, making imported goods and components more expensive.

Financial markets reacted well to the increased rates and Mr. Fraga's announcement on IMF assistance. The real strengthened on Friday, with the dollar falling to 1.97 reals from 2.07 reals. The Bovespa stock index slipped 0.45 percent, but it had risen 3.9 percent on Thursday.

Still, many economists say that raising interest rates will have a disastrous impact on the deficit and recession. The

government admits the economy will shrink 3 percent to 4 percent this year, and private analysts predict it will be even worse.

Jeffrey Sachs, an economist at Harvard, said Wednesday that Brazil should immediately cut interest rates to 20 percent to create jobs and take pressure off the deficit. But Brazilians are afraid of a return of the four-digit inflation that had plagued the economy for years.

"The inflation rate will determine whether or not we have problems," said Mr. Fraga, a former associate of the U.S. financier George Soros.

Mr. Fraga gave himself powers to lower interest rates whenever he wanted but said the bank's monetary policy committee would have to approve any further increase. The government has also agreed to spending cuts and taxes worth about 4 billion reals.

The IMF agreement would rewrite the earlier deal. The growth, inflation and budget targets in that plan were rendered obsolete by the devaluation of the aid was intended to forestall. (Bloomberg, AP)

CURRENCY RATES

March 5									
Cross Rates					Other Dollar Values				
	\$	£	SF	Yen	CS	Dane	Greek	Swede	
London (a)	1.6097	—	2.3617	196.812	2.4395	11.0228	477.35	12.25	
New York (a)	—	1.4067	1.4685	122.75	1.5192	6.854	297.21	8.243	
Tokyo	123.35	198.45	83.84	—	80.99	17.94	N.Q.	14.90	
Zurich	1.5205	2.4412	1.0344	1.2405	—	0.2214	0.5115	0.1829	
	1.6685	2.3623	—	1.2004	0.9683	21.4256	0.4949	0.1783	
One euro	1.3532	0.6737	1.5912	133.19	1.6489	7.4324	321.95	8.9355	
One SDR	1.3537	0.841	1.9824	165.625	2.045	9.2627	401.41	11.1863	
Interbank rates excluding commissions.									
a. To buy one pound in U.S. dollars. *Per 100 N.Q. not quoted. N.A. not available.									
SDR, Special Drawing Rights of the IMF.									
Source: Reuters, Bank of Tokyo-Mitsubishi (Tokyo), Royal Bank of Canada (Toronto), Deutsche Bank (Frankfurt), IMF, SDR, Data from Reuters.									
Euro Values									
Fixed rates of the ERM member currencies, for one euro									
Austria (Schilling)	13.7603								
Belgium/Lux. (franc)	40.3399								
France (franc)	6.55473								
Germany (mark)	1.93633								
Greece (drachma)	200.482								
Ireland (pound)	7.87564								
Italy (lira)	1,936.27								
Netherlands (guilder)	2.20371								
Portugal (escudo)	200.482								
Spain (peseta)	166.386								
United Kingdom (pound)	1.49371								
Finland (markka)	5.94573								
Denmark (krone)	6.55473								
Sweden (krona)	1.93633								
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TIME

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EUROPE

ABN-AMRO to Buy Stake in Banca di Roma

Compiled by Our Staff From Dispatches

AMSTERDAM—ABN-AMRO Holding NV, the largest Dutch bank, said Friday it would take an 8.75 percent stake in Banca di Roma SpA, giving it access to the lucrative Italian banking market.

ABN-AMRO will pay about 660 million euros (\$714 million) for the stake.

Under the agreement, ABN-AMRO's Italian partner, Banca Antoniana, will obtain an option to acquire Banca di Roma's 50.4 percent stake in Banca Nazionale dell'Agricoltura SpA, creating one of Italy's 10 largest banks.

Banca Antoniana will bid for all of Banca Nazionale dell'Agricoltura in a deal that will be financed through a convertible bond issue

arranged by ABN-AMRO, which has a 0.5 percent stake in Banca Antoniana.

The transaction makes ABN-AMRO a member of Banca di Roma's core shareholder group and enables it to offer its products to Italian customers through Banca di Roma's 1,300 branches.

ABN-AMRO said it would "enter into a commercial alliance with Banca di Roma in the fields of investment banking, asset management and international banking."

In turn, Banca di Roma—which has been burdened by a sizable portfolio of nonperforming loans—will gain access to ABN-AMRO's global network of more than 3,500 offices.

Analysts applauded the move. ABN-AMRO shares rose 30 cents to

1820 euros (\$19.68). Banca di Roma closed down 0.6 cent at 1.40 euros.

"This clearly indicates that ABN-AMRO wants a European position," Bart van der Feen of Rabo Securities said.

"The Italian market is in a turnaround, so it's a good time to buy," he added.

ABN-AMRO said that it intended to make Italy its second home market in Europe, describing the country's banking sector as having "vast potential."

The move comes as large banks based outside Italy are taking minority stakes in the biggest of the country's 843 banks. They are moving in as opportunities arise in the reorganization of Italy's fragmented banking and insurance industries.

Commerzbank AG of Germany, for example, owns 5 percent of Banca Commerciale Italiana SpA.

The agreement follows two failed European acquisition attempts by ABN-AMRO in the last year.

The Dutch-Belgian banking insurance group Fortis gained the upper hand in a contest for Generale Bank SA of Belgium, and ABN-AMRO was beat out in a bid for France's CIC by Credit Mutuel.

Banca di Roma's alignment with a Dutch partner could speed merger talks between the Rome bank and Milan-based Banca Commerciale, which have faltered on concerns about the price of any share swap, the quality of Banca di Roma's assets and management of the combined group. (Bloomberg, Bridge News, AFP, Reuters)

Philips Makes Hostile Bid for Chipmaker

Bloomberg News

AMSTERDAM—Philips Electronics NV, Europe's largest semiconductor maker, said Friday that it had formally begun a \$777 million hostile takeover attempt for VLSI Technology Inc. in order to gain the California chipmaker's high-tech technology chips for mobile phones and other electronic devices.

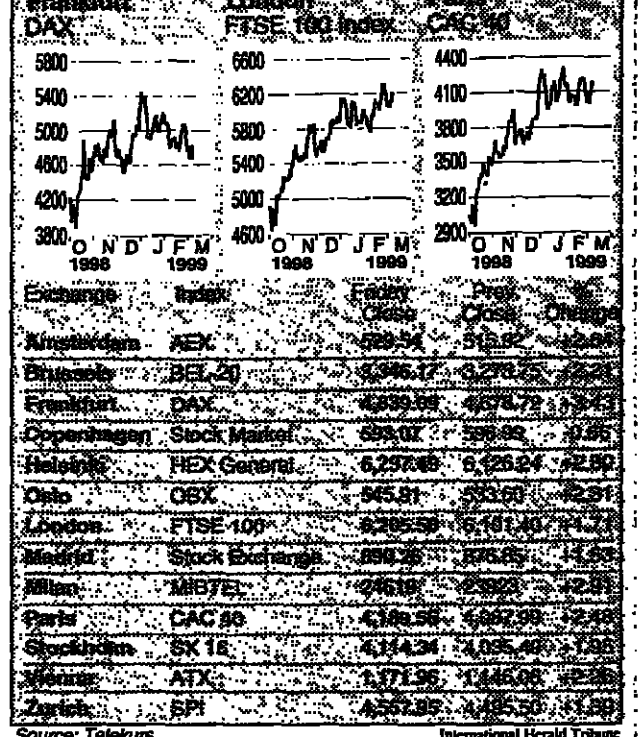
The offer, which Philips said would run through April 1, is the same as an unsolicited \$17-a-share bid the Dutch company announced Feb. 26. VLSI's board had planned to meet March 23 to review the bid.

Now, VLSI has 10 business days to respond after the filing with the U.S. Securities and Exchange Commission. Philips threatened to remove VLSI's board if it tried to block the bid with a "poison pill" defense. VLSI declined to comment.

The financial newspaper *Hot Finance* had said that no Dutch company had ever made a hostile bid for a U.S. company.

"It's very un-Dutch to make a hostile takeover," said Gijbert Groenewegen of EuropeCo. Shares of Philips rose 2.20 euros Friday to close at 64.15 euros (\$69.37). VLSI shares were at \$18.375, up 5.25 cents, in midday trading on the Nasdaq.

Investor's Europe



Very briefly:

- Credit Lyonnais SA plans to accept Russia's offer of rubles and new bonds in exchange for defaulted Treasury debt. Credit Lyonnais became the third bank in the 19-member creditors' committee to agree to the proposed swap.
- Eurostat, the European Union statistics agency, said euro zone economic growth slowed in the final quarter of 1998, with lower exports and falling company investment. EU gross domestic product rose by a provisional 0.2 percent in the fourth quarter of 1998 from the third, compared with 0.7 percent growth in the third quarter.
- Standard Chartered PLC agreed to buy the non-Swiss global trade finance business of UBS AG, Europe's largest bank, for 300 million Swiss francs (\$204 million) to strengthen its emerging markets business.
- United News & Media PLC's 1998 profit rose £290 million (\$466.26 million) from £287 million a year ago on a pro-forma basis. The profit excludes start-up costs and accounting for divesting its Garban PLC venture.
- Promodes SA's 1998 net profit rose 18.6 percent from a year ago, to 293 million euros (\$316.82), helped by a 16 percent increase in sales, to 19.6 billion euros.
- Poland delayed until April announcing the winning bidder for 55 percent of the country's biggest bank by assets, Pekao SA, from between Citigroup Inc., the world's largest financial services company, and UniCredit Italiano SpA with Allianz AG.
- Sweden's Economic Crimes Bureau is investigating nine people for possible insider trading connected to Securitas AB's purchase of U.S. rival Pinkerton's Inc. It did not identify the suspects or where they worked. (Bloomberg, Reuters)

ITALY: Olivetti's Bold Offer for Telecom Italia Shakes Up a Once-Cozy World

Continued from Page 1

ernment official said. "This is an operation which will test our financial market," said Roberto Colaninno, chief executive of Olivetti. In an interview Friday Mr. Colaninno said, "We do not plan to modify the structure of the operation." The reason? "It is not in my nature to seek last-minute compromises," he said.

Many financial analysts maintain Olivetti's offer of 10 euros (\$10.80) per share eventually will have to be raised if the company wants to succeed in the bid.

For his part, Franco Bernabe, the combative chief executive of Telecom Italia, pledged Friday "to prove the ability of Telecom Italia to create value for its shareholders." He also warned in an interview that in order to create an integrated service of fixed and mobile phones and the Internet, "we will need resources to make investments, and so we need to make sure this company is not burdened by debt."

Mr. Bernabe was alluding to the fact that Olivetti is having to borrow heavily to help finance the operation.

Malcolm Duncan, who heads a Milan marketing firm that specializes in corporate communications, said the Olivetti-Telecom Italia tussle is ushering in "a new era" for Italy's once stodgy financial market.

"It shows that other companies could be subject to hostile takeovers," he said. "We've been waiting donkey years for something like this."

"It's extremely important. It shows international markets that the Italian market is no longer controlled by a privileged few," he said.

For years Mediobanca was the dominant player in corporate finance. "If Mediobanca said no,

that was the end of the deal," Mr. Duncan said.

Under the stewardship of Enrico Cuccia, a 91-year-old diminutive Sicilian-born banker, Mediobanca for decades has knitted a web of corporate cross-shareholdings among Italy's top industrial families, from the Agnellis to the Pinellis.

From a discreet palazzo adjacent to Milan's La Scala opera house, it has played host to the so-called *salotto buono*, or drawing room of Italy's business establishment.

But in recent years a combination of increased competition from abroad and an aggressive attack from Italian investment banks has slowly cut into Mediobanca's clout.

Another example of that occurred Friday, when the Dutch banking company ABN-AMRO NV announced a \$2 billion deal that includes its taking a 8.7 percent stake in Banca di Roma, one of Italy's largest banks, as well as a controlling shareholding in another Italian bank.

That could have implications for Mediobanca's recent attempts to forge a merger between Banca di Roma and another top Italian bank, Banca Commerciale Italiana SpA. But when asked about the deal, a senior ABN-AMRO executive said Friday, "We are not for or against Mediobanca. We are looking after our own interests."

Olivetti's audacious move to take over a company nearly seven times its size comes amid dramatic changes in the Italian financial markets, which have long been considered underdeveloped for a country in the Group of Seven leading industrialized nations.

For example, last summer Italy issued for the first time a set of "corporate governance" rules, which are now being used by stock market regulators monitoring Olivetti's public offer.

Paul Horne, a European equity market strategist for Salomon Smith Barney Inc. in London, said the Italian market was changing rapidly. Italians, who always have been big savers, have been rushing to put money in shares in the wake of plunging interest rates on the traditional investment tool—government paper. The explosive growth in the Italian mutual fund industry testifies to this.

The equity culture has grown tremendously, Mr. Horne said.

Investment Funds Object to the Offer

John Tagliabue of The New York Times reported earlier from Rome:

Large British and U.S. investment funds are complaining that as the biggest shareholders in Telecom Italia they may be getting a bad deal.

On one level, the grumbling is about Olivetti's price for Telecom—10 euros a share, to be paid in a mix of cash and securities, which they say is far too low for a phone company some believe is worth at least 30 percent more.

Big U.S. and British funds also object to the bid's implications for the future of shareholder rights in Europe. The bid is moving ahead under revised Italian takeover and corporate governance regulations aimed at making the process more open and fairer to shareholders. But some fund managers protest that the deal looks more like old-style European capitalism, in which corporate control is exercised through opaque financial holding companies and minority investors find their rights trampled.

The takeover attempt represents the first time a purchase would be financed through the huge new euro-denominated securities market taking shape following the introduction of the single European currency in January.

Producer Prices Down in Germany

Compiled by Our Staff From Dispatches

WIESBADEN, Germany—German producer prices unexpectedly fell 0.5 percent in January from December, the seventh monthly decline in a row, as falling oil prices reduced the cost of energy.

Prices fell 2.3 percent in the year, the Federal Statistics Office said. In December, producer prices had fallen 0.1 percent from the previous month.

The fall in the price of products such as heating oil and gas suggests that inflation will be tame in coming months after falling to a record low. That could allow the European Central Bank to lower interest rates. (Bloomberg, AFP)

WORLD STOCK MARKETS

Prices in local currencies. In euros for EMU countries. Tel Aviv in Israeli sheqels.

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ASIA/PACIFIC

High Savings Rate Cuts Into Chinese Economy

BEIJING — Chen Yiwei stashes away as much of his hard-earned salary as he possibly can in a state bank.

"I have to save money against a rainy day," the 29-year-old trading company executive said. "What should I do if I lose my job or someone in my family falls seriously ill?"

Worried about layoffs and the rising cost of housing and medical care, ordinary Chinese are saving more and spending less. That is one reason why the economy is slowing and why Prime Minister Zhu Rongji in his speech to Parliament on Friday announced record deficit spending to try to lift growth to 7 percent this year.

Because ordinary Chinese are not spending on consumer goods as they used to, the government has been forced to spend instead.

Personal savings in the banking system hit 5.43 trillion yuan (\$655.88 billion) at the end of January, up 16.7 percent from a year ago.

That figure accounts for 68 percent of gross domestic product, giving China one of the highest savings rates of any country in the world.

"Rising bank savings show that people are not optimistic about the economy," said Wang Yuanhong, a senior economist at the State Information Center, a research institute. "Residents tend to save more when uncertainties increase."

Chinese workers have always been avid savers. But their penchant for saving away their money has grown as economic change throws millions out of work and the once secure life of urban Chinese has become uncertain.

Workers are worrying that there may not be a state pension for them when they retire; that when they get sick, the hospital bed may not be free and that good schooling for their children will come at a higher price.

To spur growth, the central bank has trimmed interest rates six times since May 1996. In that time, rates on one-year fixed deposits have sunk to less than 4 percent from more than 9 percent.

But tumbling interest rates have not deterred savings, partly because there are few other investment options for most Chinese. The stock market is still fledgling, and government savings bonds are limited.

In addition, with inflation under control, real interest rates are still relatively high.

According to an official survey, most urban residents save at least 25 percent of their monthly incomes.

Urban dwellers account for 30 percent of the population but 70 percent of bank savings. This is partly because they already own many of the big-ticket items they want: televisions, washing machines and refrigerators. High prices for property and cars are delaying the next wave of spending.

Rural spending has been curbed by slowing farm incomes and the flagging performance of rural enterprises.

To try to spur consumption, the central bank this week announced measures intended to stimulate consumer lending. Down payments on houses and automobiles will be cut to as little as 20 percent of the total cost. But economists said it would take time for the initiative to filter down and increase spending.



Delegates attending the opening session of the National People's Congress in the Great Hall of the People in Beijing on Friday.

Disney Park Also Sought By Shanghai

BEIJING — The mayor of Shanghai, Xu Kuangdi, said Friday he was trying to convince Walt Disney Co. to bring Disneyland to mainland China, even though company executives are scouting out Hong Kong as a possible site.

While in Beijing for the annual session of the National People's Congress, the Chinese legislature, Mr. Xu said: "We will probably sign a letter of intent to conduct a feasibility study with Disney."

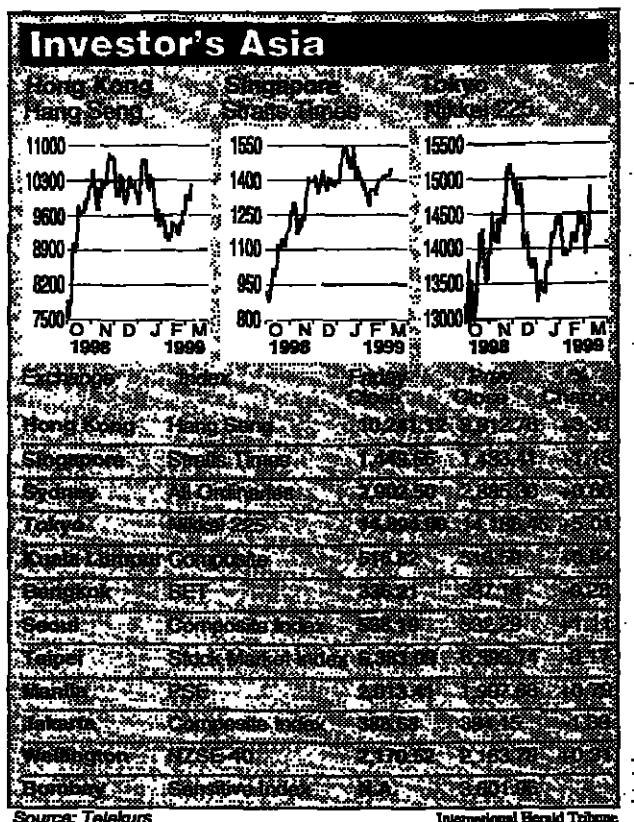
Mr. Xu refused to provide further details on the city's talks with the American company.

Donald Tsang, the Hong Kong financial secretary, said this week that Disney and the Hong Kong government had reached an understanding about building a park in the region. He said they hoped to make a final decision by the end of June.

Mr. Xu brushed aside fears that those talks might put Shanghai out of the running. "The United States has two Disneys: one in Florida and one in California. Competition is good," he said.

Hong Kong, sunk deep in recession, is hoping the theme park could lighten its woes.

The talk of theme parks in Hong Kong and Shanghai follows an easing of Chinese anger over the 1996 Disney film "Kung-fu," which was critical of China's Tibet policies.



Very briefly:

- The World Bank said Asia was showing early signs of economic recovery but the situation remained fragile, with regional leaders urging greater cooperation to avoid a return to financial crisis.
- Thai financial authorities postponed from March 10 to March 19 a sale of \$6.2 billion worth of business loans from failed finance companies, to attract more bidders.
- The Asian Development Bank is likely to run a center being set up to collect economic data from Asian countries, donors to the International Monetary Fund and financial institutions in the hope that easier access to such information will make it easier to fix Asia's economic problems.
- Renault SA, the French carmaker, has entered into a preliminary agreement with Liaoning Dandong Auto Factory of China to produce buses.
- China Airlines, Taiwan's largest air carrier, approved the merger of its two subsidiaries, Mandarin Airlines and Formosa Airlines, under the name Mandarin Airlines.
- Hindustan Aeronautics Ltd., India's largest aircraft manufacturer, plans to begin test flights soon of a new prototype of its locally-built advanced light helicopter.
- Hong Kong's Securities and Futures Commission relaxed controversial client disclosure regulations that had prompted fund managers to threaten to move business to Singapore.
- Nintendo Co. said it may beat its current profit forecast by as much as 14 percent, helped by sales of its Game Boy handheld video game and a change in tax rules. Parent-company profit before tax and most extraordinary items may be around 147 billion yen (\$1.2 billion) in the year to March 31.
- The Hong Kong government said Friday it would investigate possible fraud in the collapse of Peregrine Investment Holdings Co., which folded in January last year under some \$400 million in debt.
- South Korea said foreign direct investment in the country rose 56 percent in February from a year ago, and projects worth billions of dollars more are in the pipeline.
- South Korea will invite Metropolitan Life Insurance Co. and New York Life Insurance Co. to bid for two of Korea's ailing life insurance firms, the latest move to recapitalize the financial system.

TRADE: American Reprisal Over Bananas Hits Small European Companies

Continued from Page 1

nounced the United States, calling its action arbitrary, unjustified and illegal.

Sir Leon Brittan, the European Union's minister of trade, called the tariffs "unacceptable and unlawful" and accused the United States of endangering the jobs of "people who have nothing whatsoever to do with bananas." Trade ministers from Britain, France and Italy all condemned the action in similar terms.

But the impact was far more tangible and unwelcome at the street level, as scores of small companies woke up Thursday to find their businesses in jeopardy.

Nowhere was the shock greater than in the border region between Scotland and England, where Scottish companies make about half of all the cashmere sweaters that go from Europe to the United States.

"If this goes through and it's long-term, we'll go bankrupt," said Jeff Gutteridge, financial director of Clan Douglas Ltd. in Hawick, Scotland. Clan Douglas, which employs about 120 workers, ships about \$8 million worth of cashmere sweaters a year to American stores like Nordstrom's, Neiman Marcus and Bergdorf Goodman.

Many stores have already placed orders for the autumn, and Clan Douglas has guaranteed prices based on the normal tariff of 6.5 percent. With a 100 percent tariff, the company will have to pay the difference itself. And U.S. merchants who have not yet placed their orders yet will almost certainly decide against cashmere this year because they would have to pay the tariff.

It is more than just a blow to Clan Douglas. The villages in Scotland's border region include a number of small companies that make cashmere. About 15,000 people live in Hawick itself, and about 3,000 of them work in the cashmere industry.

People like Mr. Gutteridge say they are as baffled as they are alarmed by the U.S. position.

"The question we're asking is, why cashmere?" Mr. Gutteridge said. "Why is cashmere on this list? You can't see any logical relationship with bananas."

British leaders were so angry that the trade minister, Stephen Byers, summoned the U.S. ambassador, Philip Lader, to register a formal protest.

But several business executives said their own governments had not paid them much heed either, at least until Thursday. Because the tariffs affect small slices of industry, such as candles or bath preparations or one particular type of pecorino cheese, companies that make those products said they had found it hard to attract any attention in the broader banana battle.

"If I complain to the French government, nobody is going to care about it because we are too small," Mr. Ecrepont said. "I am all alone."

It is still possible that no one will have to pay the tariffs. Two separate panels at the World Trade Organization are still weighing several key issues and will be making additional rulings in coming weeks.

CHINA: Prime Minister Pledges to Pursue Economic Overhaul

Continued from Page 1

oversimplified or crude way," he said. "Still less should we use distortionary means against the people."

Mr. Zhu said his government projected an economic growth rate of 7 percent for China in 1999, compared with an official figure of 7.8 percent for 1998, and would continue its efforts to stimulate the economy by pumping large sums into capital investments. China's economy has been battered by the Asian financial crisis and a shrinkage of domestic demand.

Senior Chinese officials also reaffirmed Friday their determination to rid bloated state-owned enterprises of huge losses and unproductive activities, vowing to make nearly all of them competitive and profitable by the end of next year.

The determination to wring out state-owned enterprises, despite the risks and pain, was the clear theme of the day.

In a press conference after the opening of the National People's Congress, the official in charge of remaking state industry sought to rebut the perception that reforms had stalled.

"We have continued to quicken the pace of state enterprise reform," said Sheng Huaren, chairman of the State Economic and Trade Commission, noting progress in the closing of excess textile mills and coal mines and the restructuring of the petroleum, petrochemical and metallurgical industries.

Mr. Sheng gave a surprisingly upbeat assessment of China's state-owned sector. The reform of that sector is a complex challenge affecting the solvency of the banks that have lent huge sums to state enterprises and will have an effect as well on the welfare of a large share of the urban population.

Last winter, Mr. Zhu promised that through a combination of better management, mergers, bankruptcies and pruning of staff, the giant state-owned sector would be solvent by the end of the year 2000. During 1998, as the economy slowed, more state industries than ever lost money, however.

To increase growth and forestall mounting protests by unpaid workers, the government instructed banks to lend more freely to state companies, which some foreign economists warned would perpetuate outdated factories and deepen future losses.

But Mr. Sheng said Friday that losses in state industries had slowed in the latter half of 1998 and that he was confident that the situation would improve this year.

He also asserted, in the face of accounts of soaring unemployment and unpaid welfare stipends, that most laid-off workers had been helped to find new jobs and that others were receiving living allowances.

He said the government aimed to stabilize about 7,680 large and medium-sized public companies. Of these about 2,300 are losing money.

The goal, Mr. Sheng said, is to end the losses of one-third of those companies this year and the losses of an additional third next year, leaving no more than 15 percent of the surviving large and medium-sized companies in the red.

These larger companies are expected to remain under public control but operate in a market environment increasingly open to global competition.

Last year, 48,000 company officials were demoted or dismissed for poor management, Mr. Sheng said, and under a system of inspection by outside auditors more incompetent or corrupt managers will be removed.

At the same time, he added, "We will conduct a massive training program in business administration."

An 11-Day Debate

John Pomfret of *The Washington Post* reported earlier from Beijing:

For 11 days, 2,976 delegates to the Ninth National People's Congress from China's 32 provinces and regions will debate the country's future.

Most, if not all, decisions already have been made by the ruling Communist Party.

Among them are two constitutional amendments:

One provides more protection to private enterprises, which was a casualty of China's Communist revolution; the other advances the rule of law, which has not played an important role during China's 5,000-year history.

It is expected that the yearly meeting of the rubber-stamp Parliament would also announce a 12 percent increase in military spending — the ninth straight year of growth for the People's Liberation Army since the 1989 crackdown on democracy demonstrations around Tiananmen Square.

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Beyond Silicon Valley: Net Knows No Borders And Startups Abound

By Holly Hubbard Preston

IF YOU are a recent convert to the idea that Internet stocks are good investments but you think prices have gone too high, point your mouse away from Wall Street. There are at least a dozen European, Asian and Latin American companies that have recently issued shares or are planning to go public on stock markets all over the globe. Relative to their U.S. counterparts, many of these international Internet stocks can be purchased at entry-level prices.

Europe is fertile ground, particularly Britain, which has an active Internet industry (Page 18). "The market isn't quite as crazy in Europe, so you generally need more of a track record to go public than in the U.S., but Net companies in general and in Europe especially don't have much of one," said Esther Dyson, the technology pundit and author.

As in the United States, most international Internet issues do not have earnings because they spend all the money they can get their hands on to expand their market share. This is one reason they are not widely followed by brokerage-house analysts.

So to pick an Internet stock, said Lisa Buyer, a director at Credit Suisse/First Boston, investors should "look for businesses that actually make sense to them. If you don't understand it, don't buy it." They should also look for big ones, she added. "The bigger Internet companies tend to grow at a faster rate than the smaller ones — that's contrary to old practical business models where it was the start-up that did."

Steve Harmon, editor of the on-line stock report Internet.com, said prospective investors doing their own research should visit a company's website. It would be hard to think of an Internet company without one — and pursue its press releases and financial reports for evidence of decent sales, an established user base and identifiable market share.

Mr. Harmon has begun tracking international Internet stocks that could offer big payoffs down the road, though he cautions that their issuers "still have a lot to prove."

Among these companies is EasyNet Group PLC, Europe's largest independent Internet service provider. A relatively low-profile stock among investors, EasyNet's stock is trading near 310 pence (\$5), up more than 60 percent this year. The British company provides dial-up Internet access to 5,000 domestic

consumers and businesses and is now moving into France and Germany.

For investors weary of single-product companies, EasyNet is well rounded, including a focus on high-margin Web consulting services. It derived most of its £17 million (\$27.4 million) of 1998 sales from corporate customers and it has recently signed two noteworthy deals: one gives it a portion of the charge that British Telecommunications PLC levies when people dial up EasyNet over its lines, the other is with the software publisher Eidos PLC for an on-line video-game service.

Unlike many Internet companies, EasyNet had earnings last year, though its £112,000 profit comes to just 0.53 pence per fully diluted share, a price-earnings ratio of more than 500.

The Vienna exchange is home to E-Pub (Holdings) Ltd., a promising Internet play, and one that Ms. Dyson said she was betting on. Based in Budapest, E-Pub is considered to be the world's leading producer of on-line entertainment, with a unique stable of on-line single- and multi-player game shows.

The company just signed an agreement with Pearson Television Inc., owner of the popular shows "Family Feud" and "Password," under which E-Pub will develop on-line versions of TV games. As part of the deal, Pearson took a 10.9 percent stake in E-Pub.

Intershop Communications AG, founded in Jena, Germany, has its worldwide headquarters in San Francisco. It helps companies set up and manage websites for Internet-based commerce. It boasts big customers such as Robert Bosch GmbH, DaimlerChrysler AG and Hewlett-Packard Co. More than 50 percent of the company's \$20.4 million in sales last year came from the United States, a significant point considering that many European software companies have failed to attract U.S. customers.

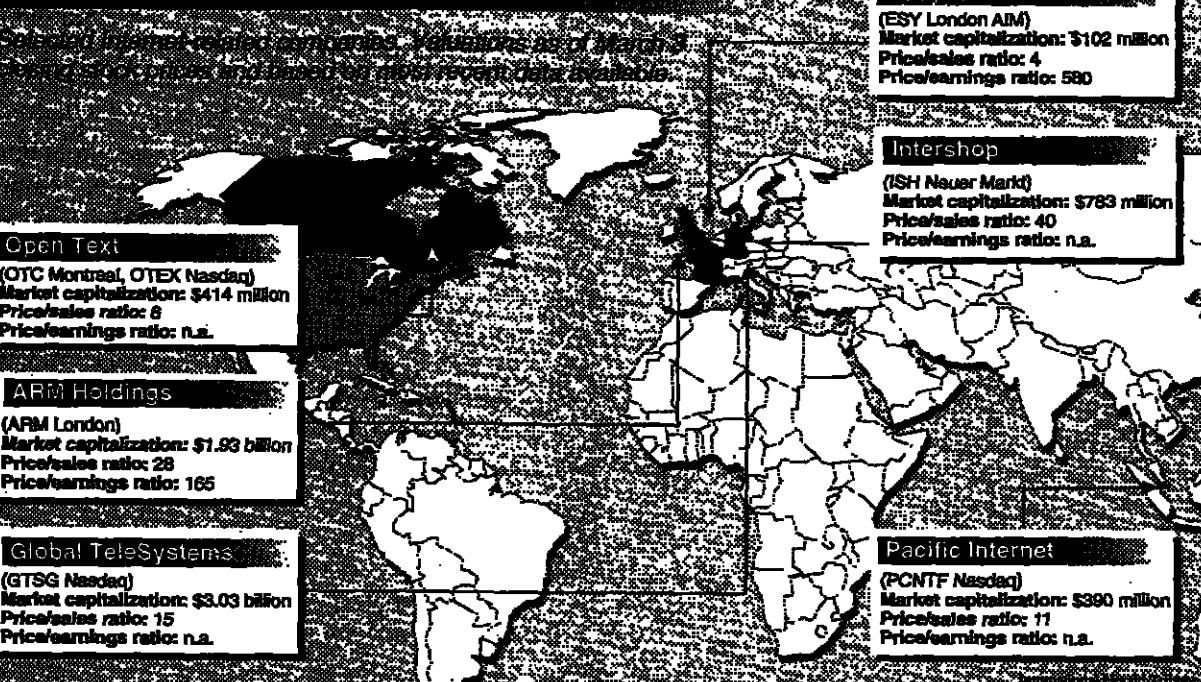
Autonomy Corp., which trades on Brussels-based Easdaq, is hoping a Nasdaq listing later this year will boost its profile. James Eidsch, senior industry analyst at International Data Corp. in London, said Autonomy was undervalued at its current level of 5.30 euros (\$5.74). Its knowledge-management software enables data traveling over the Web and corporate intranets to be categorized, essentially reading the documents and then deciding where to send them.

Internet-oriented stocks are considered an anomaly in Asia. One that you can buy is Singapore's leading Internet service provider, Pacific Internet Ltd., which went public in the United States at \$17 a share on Feb. 5 and rose as high as \$88 that day.

It has since fallen to about \$31, still a

Continued on Page 19

It's a Wired World After All



Dialing for Data: Firms Bank on a Surging Market

By Judith Rehak

DATA TRANSMISSION companies may not sport names that end in .com, but around the world their shares are becoming high-flying Internet stocks.

Traffic flowing over telecommunications networks will grow 10 to 25-fold over the next two years, according to a report from Merrill Lynch & Co. "And nearly all of that traffic is data," said Neil Barton, a telecommunications analyst at Merrill who directed the study. By contrast, voice communication is growing 5 percent a year, he said.

The explosive growth is a bonanza for data carriers, companies that either own or lease the lines that carry everything from business information like corporate spreadsheets to faxes, e-mail and individuals simply surfing the Internet. For these providers, the action is in the deregulating markets of Continental Europe. Network supply is limited, and prices are still high, although they have fallen enough to stimulate demand, sending volumes soaring.

Leading the pack are Global TeleSystems Group Inc. and Equant NV. Both have seen their share prices rocket since initial public offerings last year, but they remain on many analysts' buy lists, based on the extraordinary growth prospects for the industry. Moreover, either could be a takeover target for a larger player looking to quickly build a network.

Global TeleSystems is Europe's largest alternative telecommunications company, with a network that links major cities in Western and Central Europe. James Friedland, an analyst at Arnhold & Bleichroeder Inc. in New York, es-

timated that Global, which is now extending links to suburban areas, covers 11,000 kilometers (6,875 miles) and would expand that to 25,000 by 2001. "But more interesting are where its competitors are today, anywhere from zero to 3,000 kilometers," he said. That gives Global roughly a 12-month lead on competitors.

Global is also acquiring carriers and customers. Its most recent deal, set to close this month, is the \$4.5 billion purchase of Esprit Telecom Group PLC, a British carrier with customers in eight countries. "It's very important to build your own network, so you can be a low-cost provider and especially to own a customer base," said Cannon Carr of CIBC Oppenheimer & Co.

Like most companies in the field, Global is not profitable. This is typical in an industry where extended periods of losses are the norm as carriers spend to add capacity.

"But once you have a network in place, you get profit margins that are simply not seen in other industries,"

said Mr. Friedland. "With Global TeleSystems, you can see the light at the end of the tunnel." His 12-month target price for Global shares is \$76, with room on the upside because it does not include its trans-Atlantic cable venture. Shares are currently trading around \$60.

A data-communications company that has seen its share price triple since its initial offering in July is Equant NV. The Amsterdam-based company started life in 1949 running an automated reservations system for airlines, growing to a global network that spans 220 countries. But when it decided to offer some of its excess capacity to other corporate clients, Equant's business took off.

With such an extensive network, "it's strategically well positioned in the sense that there are several companies that want to be global, but lack critical mass," said Simon Carrington, who follows Equant for Merrill Lynch & Co. Even better, analysts predicted that Equant, now trading near \$76, should become profitable this year. Mr. Carr-

The Internet may be international, but so far most of the key players behind it have been in the United States. Leading-edge hardware, software and content come from Silicon Valley, Silicon Alley and a few points in between.

Whether the attendant meteoric rise in stock prices for practically any company that has or can portray an on-line image has been centered on the United States, there are Internet stocks in other countries, and their numbers are growing. They afford investors a second chance to join the Internet game, at valuations that have not yet reached the astronomical levels seen on Wall Street.

This week, the Money Report takes a look at a few of the international Internet stocks available. These shares have by and large escaped the notice of the established Internet pundits, which makes them enticing possibilities for courageous investors but even harder to evaluate than their American counterparts.

The Internet industry is uncharted territory where the traditional rules of corporate evolution seem not to apply. So if any of these stocks appeal to you, remember, you are putting your money into an industry where earnings are considered suspect.

rington has a 12-month target of \$97. If the idea of joining the data boom appeals to you but the idea of an unprofitable high-flier gives you pause, Ian Lance, manager of Gartmore Global Utilities Fund, has what might seem a surprising choice for a more indirect play: British Telecom PLC. On Feb. 13, BT shares leaped 11 percent on news the company's third-quarter profit rose 13 percent, fueled by better-than-expected demand for cellular, Internet and data services. BT is spending about £1 billion (\$1.61 billion) a year to make sure that its lines can handle Internet and data.

Meanwhile, more players will be arriving on the scene in Europe later this year, among them an alliance between KPN NV, the Dutch telephone company, and Qwest Communications International Inc. of the United States. To participate in this venture, investors might consider buying shares of Qwest.

Two smaller U.S. companies, Global Crossing Ltd. and Level 3 Communications Inc., are also building networks in Europe.

Tokyo Rebound? The Sun Also Rises

Remember Japan? The country that was going to eat our lunch, buy all our skyscrapers and our golf courses, drive our auto and high-tech companies into bankruptcy?

Japan has sunk into stagnation and recession. Its gross domestic product fell 3.6 percent last year, unemployment just hit a record, and the stock market is a pit of horrors.

Consider the Scudder Japan Fund, a good proxy for the Japanese market. Over the past decade, the fund has declined 25 percent (even counting reinvested dividends), while Vanguard Index 500 Fund, which reflects the U.S. market, has gained 439 percent.

It is not surprising, then, that many investors have dumped Japanese stocks from their portfolios. But hold on, Japan, the world's second-largest economy, is not dead yet.

The government seems finally to be taking the right steps to revive the economy, and, more important, companies are beginning to restructure, the way that American corporations did in the 1980s.

"We have just returned from a week in Japan," wrote Jeff Uscher, editor of Grant's Asia Observer, "and, much to our surprise, we are encouraged by what we saw there." He added, "the wall of denial has fallen."

Pay attention to Mr. Uscher. He is no Pangloss. His newsletter was far ahead of the pack in covering the Asian financial crisis. "For the first time in nearly 10 years," he wrote, "the Japanese government and financial authorities seem to fully comprehend the country's difficult economic situation" and "they appear committed to a program that could pull Japan out of recession."

One step is to get banks to write down bad loans, admitting on their accounting books that much money is unlikely to be repaid. Another is to "monetize" to create lots of new money. Monetization increases liquidity, which helps fuel markets and increase consumer spending. It would also reduce the value of the yen, which would also reduce exports. Partly as a result, one of Wall Street's biggest bears, Bar-

ton Biggs of Morgan Stanley Dean Witter & Co., is softening his growl. "After almost two weeks in Asia," Mr. Biggs wrote in January that he thought it was "the least bad investment place to be in a disordered world."

More recently, he wrote: "I continue to believe Japanese equities are a fortuitous mix of reasonable potential and low risk. And if by chance the world sensed Japan really was committed to getting it right and that there were glimmers of a sustained economic recovery, the market would be up 30 percent in a flash."

Mr. Biggs is right, but the reason to buy Japanese stocks is not an anticipation of a quick 30 percent. The

reason is simply that Japan has to solve its problems. Its economy is too big, and its people are too smart and industrious not to solve them.

Still, even if Japan does not turn around this year, long-term investors should own Japanese stocks because Japan accounts for 17 percent of the world's economy and 7 percent of the world's total stock-market value. For Asia as a whole, those figures are 27 percent and 10 percent. Any well-balanced portfolio should have between 5 percent and 10 percent of its assets in Asian shares.

As Mr. Uscher put it: "If someone were to ask you to explain, in 10 words or less, why one should invest in Asia, the answer would be: People. Lots of people. While this seems obvious, the fact is that there is no better reason to invest in the region."

Exactly. In 1998, there were 3.6 billion people living in Asia — 61 percent of the world's population. A continent with more than half the Earth's people and more than one-quarter of its output should merit one-tenth of your investment funds.

Asia is getting more urban and, thus, less agricultural. As recently as 1960, only 20 percent of Asians lived in cities; today, 60 percent do. According to Mr. Uscher, "They will demand better

housing, better transportation and more services, including banking, insurance and entertainment, which were largely unnecessary in the countryside."

Which industries will benefit? Mr. Uscher cited "food-processing, farm machinery, water-treatment plants, housing and real estate, power generation and distribution, road construction, apparel and home appliances, to name just a few."

Japanese companies will be the leading providers to all of Asia. Many of them are changing in a profound way. Instead of trying to boost their sales, they are trying to boost profits. Japanese companies have traditionally concentrated on market share at the expense of return on equity. No wonder stock ownership is so limited in Japan.

But now, writes Jim Grant, editor of Grant's Interest Rate Observer, mother publication to the eponymous Asian one, Japanese companies "are paring back excess capacity and redundant employment and striving to earn a return for the shareholders, of all people."

He cited NEC Corp., which makes semiconductors, consumer appliances and electronic components for medical equipment and aircraft. It recently announced it would cut 11,600 jobs. The objective is to reduce its debt-to-equity ratio from a scary 1.87-1 to 1.5-1 and to raise its return on equity to 15 percent. "Return on equity," the New York Times reported, "is a target almost never mentioned by Japanese companies." By contrast, most U.S. firms love to turn their shareholders' contributions into a flow of cash. Over the past five years, for example, the ROE of Cisco Systems Inc. has averaged 33 percent and Microsoft Corp. was 29 percent.

Most Japanese companies are mired in low single digits. Asahi Glass Co., the maker of glass, chemicals and electronics, has announced it set an ROE target of 10 percent in 2003, up from only 3.5 percent in 1997.

Washington Post Service

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THE MONEY REPORT

U.K. Internet Index Questioned

By Barbara Wall

SIX LUCKY companies have been selected for classification as Internet companies in British stock tables, but some technology analysts have questioned the methodology and said the project could mislead investors.

FTSE International Ltd., owned by the Financial Times newspaper and the London Stock Exchange, creates stock indexes, and it is planning to create an Internet subsector of the software and support services sector in its technology group as part of a series of changes due to go into effect on April 1. Citing demand by British and American investors, an



Internet Stocks Outside the United States

FTSE International spokesman said the idea was part of a broader move toward a classification system for "international" sector comparisons.

Some analysts, however, questioned the selection of the half dozen listed in the new subsector. Richard Holway, an independent financial analyst, said that it would confuse investors.

"There are few pure Internet stocks in Britain, so to set up an Internet subsector at this stage is meaningless," he said. "The six companies selected are not pure Internet stocks, despite what investors might be led to believe. One is a cable company, and another derives a small portion of its revenue from the Internet. There are probably other companies in Britain which have as good a claim to be

in the subsector, but which have been ignored, missed or classified in a different economic group," said Mr. Holway.

Five of the companies are listed on the Alternative Investments Market in London. Easynet Group PLC, Internet Technology Group PLC and Voss Net PLC are providers of Internet services. Netcall PLC writes programs for computerized telephony. One of the products it offers is an embedded web call-back button that puts browsers in touch with the owners of the web page. Netcall can also provide web owners with browser-related data, such as how long a visitor stayed at a web site. VirtualInternet.net PLC specializes in web-site hosting.

Gresham Computing PLC is the sixth company. It is listed on the main London market and while it derives some revenue from Internet-related operations, it is generally seen as a software company that provides electronic-business programs to organizations in health care, telecommunications and financial services.

"Admittedly," said a FTSE International spokesman, "there are many other listed companies in Britain which could be described as Internet stocks, but which for various reasons have not been included in the subsector. Some of these companies, notably a handful of the large retailers with Internet-related businesses such as Dixons PLC, are classified elsewhere. There are also many Internet businesses in Britain that are owned by U.S. organizations and therefore not listed on a U.K. exchange. Finally, one of the criteria that has to be fulfilled for a company to be included in the subsector is that the majority of its revenue comes from the Internet."

Despite the controversy surrounding the new Internet subsector, there is little doubt that the six companies stand to benefit, according to an analyst with the brokerage Tether & Greenwood. "Being in the subsector is not going to add 50 percent to a company's share price, but investor sentiment will definitely push up prices all round," he said.

Laurence Blackall, chairman of Internet Technology Group, said an Internet subsector for technology stocks was overdue. "Internet stocks have not attracted as much investment as they could have done because of lack of visibility and lack of decent coverage by analysts. The subsector provides a home for companies that are difficult to place."

Of course, just because a company is included in the Internet subsector does not mean that it is a worthy Internet player. John Levinson, an analyst with Townsley & Co. in London said that an investment in any Internet stock was an act of faith. He noted that many companies which have Internet-related businesses have gone up a long way already, so investors should be cautious.

"One of the qualities to look for in an Internet stock, however, is uniqueness, or wow factor," he said. "Investors should also be clear about how a potential investment is going to make money."

For further information:

GRESHAM COMPUTING PLC: Telephone: 44 1753 653 0200, Website: www.gresham-computing.com
EASYNET PLC: 44 171 209 0900, www.easynet.net
FTSE INTERNATIONAL: 44 171 448 1810, www.ftse.com
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NETCALL PLC: 44 1480 493300, www.netcall.co.uk
VIRTUALINTERNET.NET: 44 171 440 4060, www.vi.net
VOSS NET PLC: 44 1753 737800.

Internet Startup Companies Are Cropping Up Around the World

Continued from Page 17

healthy advance from the offering, reflecting solid profits, operations in other Asian countries and a diverse business model, which includes dial-up services, Internet retail outlets and web consulting services.

One soon-to-be public stock to keep an eye out for is StarMedia Network Inc., an on-line network in Latin America. StarMedia is preparing for a Nasdaq listing sometime later this year.

The company, which is headquartered in New York, is

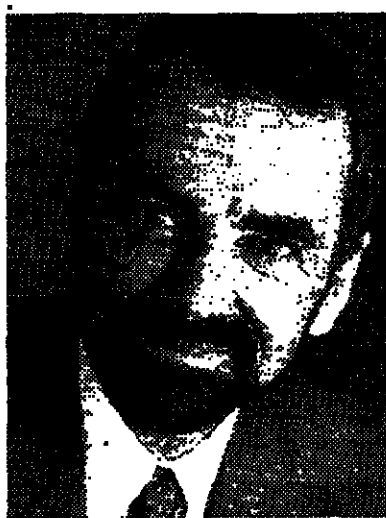
currently offering Internet services as well as on-line content in Spanish and Portuguese throughout Latin America. It plans to offer its services to Spanish-speaking U.S. residents.

Finally, do not overlook Canada as a source for Internet stocks. Open Text Corp., which trades on Nasdaq and the Toronto Stock Exchange, specializes in corporate intranets, and its products and services are being used by an estimated 2.5 million users in 3,500 corporations. While the stock price has experienced a slight dip in the past months to trade at around \$21 on Nasdaq, one-year total returns for the investment are close to 30 percent.

Quebec Pension Funds Ride the Market

President Bill Clinton's recent proposal to invest a portion of U.S. Social Security assets in stocks has sparked a debate in the United States about whether the government has any business in the stock market and if it does, whether it should actively manage its investments or stick to index funds. A model that Washington might consider is on its northern border: The province of Quebec runs its own pension system for its residents, and stocks have been a major investment vehicle for more than 30 years.

Unlike the many American states that have pension funds for former government workers, the Quebec fund is a retirement program for everybody who lives in the province, making it a perfect parallel to the system being discussed in the United States. Michel Nadeau, senior vice president of the fund, called the Caisse de Depot & Placement du Quebec, said he was able to beat the indexes by more than 100 basis points — one percentage point — a year and that a proper incentive structure for managers limits government interference. He spoke with Ann Brocklehurst about managing public retirement money.



Michel Nadeau, fund manager responsible for Quebec pensions.

Q. Would it be a mistake for the Social Security trust fund to limit its investments to index funds?

A. In Canada, we believe that with a good knowledge of companies we can beat the Toronto Stock Exchange 300, the major benchmark. And that's what has happened for the last five or 10 years. It is possible to beat the benchmark, to be 100, 125 basis points above the benchmark, and we did it.

Q. So why are some people worried about anything other than index funds?

A. Because there is always this skepticism about governments investing in equity markets, the belief that if they go for active management, the selection of money managers and the selection of equity holdings in the portfolios could be politically motivated. I think there is always this view that what the government does must be biased and cannot

reflect the laws of supply and demand. For the last 30 years, the Quebec government has given us complete autonomy because our staff has to compete every day with Canadian and U.S. private investors. We have to beat the S&P 500, the TSE 300. If there is any type of political intervention, then it will be very difficult, first, to keep your staff motivated, and second, to deliver the good performance.

Q. How does the Caisse de Depot compare with the large public pension funds in the United States?

A. If you look at the 50 states' pension systems, you see the entire spectrum. You have very aggressive and very conservative funds. You have in-house management and you have external money managers. The conclusion, interestingly enough, is that whether you manage in-house or give mandates to external money managers, you get the same returns. The only difference is your costs. If you manage in-house, the cost is roughly 10 basis points. If you give mandates, it's 30 basis points so there's a spread of 20 investment points. The other point is that in the United

States, 27 of the 50 state pension funds have what they call a social economic mandate — to get some positive returns for the state. It is the same at the Caisse. When we have the best financial deal we can get, we will try to see if we can get value for the local economy by providing certain programs and building partnerships with local firms. The best asset class for us is private equity investments in the local economy. We are enthusiastic about investing in local firms because we know these people and we know we can get better returns.

Q. Recently, though, you were accused of not selling your big stake in the food retailer Provigo Inc. during Loblaw Cos. takeover bid because you wanted to support a Quebec company.

A. It is exhausting to always have to fight against the image that everything that belongs to the public sector is inefficient, is not oriented toward maximum rate of return. But if you talk with our staff, the money managers here — 85 professionals manage over 65 billion Canadian dollars — they are doing a super job and can compete with any managers in the private sector. The Caisse is outperforming the majority of private money managers, so it's possible to do a good job at a very low cost while having some positive impact on the local economy. We have a very strong board, 14 well-known people. We will listen to the interest of all the stakeholders, but it's so important to manage pension money to get the best rate of return and, for me personally, to get my bonus.

Q. How does your bonus work?

A. If I beat the S & P 500 by 110 basis points, I will get 20 percent of my salary, 160 basis points and I will get 40 percent, 220 and I get 60 percent. That's my yearly bonus. And then I have a long-term five-year bonus. If I beat other benchmarks over a five-year period, I can get another roughly 40 percent of my salary. So the total — 60 plus 40 — means I can double my salary, depending on investment strategy.

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World Roundup

Tyson Must Serve Another 60 Days

BOXING Mike Tyson will have to serve an extra 60 days in jail in Maryland for violating terms of his Indiana probation for a 1992 rape conviction, according to court documents filed Friday.

But the former heavyweight champion will not have to return to Indiana for the jail time. Instead, he will serve the additional 60-day sentence at the end of the one-year term he is now serving in Maryland for a misdemeanor assault.

Tyson will pay Indiana \$4,800 (\$80 a day) for his incarceration on the probation violation, which Indiana will pay to Maryland. (AP)

Orioles May Visit Havana

BASEBALL The Baltimore Orioles appear set to play at least one, and perhaps two, exhibition games against the Cuban national team this spring, sources familiar with the negotiations said.

A deal was struck for at least one game when the Cuban government on Thursday accepted a joint proposal from the Orioles and Major League Baseball to play a game in Havana on March 28. The two sides also hope to play a game in Baltimore on April 3. (WP)

No. 1 Sampras Is Beaten

TENNIS Jan Michael Gambill shocked world No. 1 Pete Sampras, 4-6, 6-3, 6-4 in the second round of the \$350,000 Franklin Templeton Tennis Classic in Scottsdale, Arizona on Thursday night.

Gambill, who has been playing professionally since 1995 and is rated No. 45, blended crisp ground strokes and effective second serves to post his first victory in three meetings with Sampras. (Reuters)

The Heat Stays Hot As Mourning Rises

The Associated Press

Alonzo Mourning scored 27 points and Miami outscored Denver 15-2 over the final five minutes of a 95-87 victory, the Heat's 10th triumph in its last 11 games.

The undermanned Nuggets, without the services of Bryant Stith and Chann...

NBA Roundup

cory Billups on Thursday night, remained winless on the road after eight games.

Tim Hardaway chipped in 18 points and had eight assists, while the backcourt mate Terry Porter added 16 points and seven assists. Miami's bench outscored Denver's reserves 35-2.

Pistons 99, Cavaliers 94 Grant Hill drove to the basket all night, scoring 26 points and going to the free throw line 19 times as visiting Detroit won its sixth in a row.

Joe Dumars kept up his hot streak, going 3-for-4 from 3-point range and scoring 21 points. He has scored 121 points on 59 percent shooting during the Pistons' winning streak.

Derek Anderson had 16 points, Shawn Kemp 15 and Cedric Henderson 14 for Cleveland.

Raptors 96, Hawks 77 The reserve Dee Brown scored 16 points and Vince Carter and Charles Oakley each added 14 as Toronto ended a 12-game losing streak against Atlanta.

The visiting Raptors, winless against the Hawks in their first three seasons, turned a season-high 23 Atlanta turnovers into 31 points.

Alan Henderson, returning from a four-game absence with a back injury, led the Hawks with 18 points. LaPhonso Ellis contributed 15. Steve Smith returned to the Atlanta lineup for the first time in seven games and scored 13 points on 4-of-14 shooting.

Hornets 96, Nets 82 Chuck Person scored a season-high 21 points and hit

five of Charlotte's 10 3-pointers to lead the Hornets to over the slumping Nets in New Jersey.

The win was the Hornets' first in seven road games this season and sent New Jersey (3-12) to its eighth loss out of nine, including five straight at home.

Bobby Phillips added 20 points, J.R. Reid had 17 points and 12 rebounds and Derrick Coleman had 11 points and 15 rebounds against his original NBA team. Keith Van Horn had 28 points for New Jersey, while Kerry Kittles added 17 and the newcomer Doug Overton had 13.

Spurs 95, Mavericks 78 Tim Duncan had 26 points and 12 rebounds and David Robinson added 20 points as San Antonio continued its dominance of Dallas.

Duncan went 9-for-16 from the field and Jaren Jackson added a season-high 16 points to help the visiting Spurs to their 16th win in their last 17 trips to Reunion Arena.

Gray Trust came off the bench for 14 points to pace the Mavericks, who had their four-game home winning streak—its longest in almost five years—snapped.

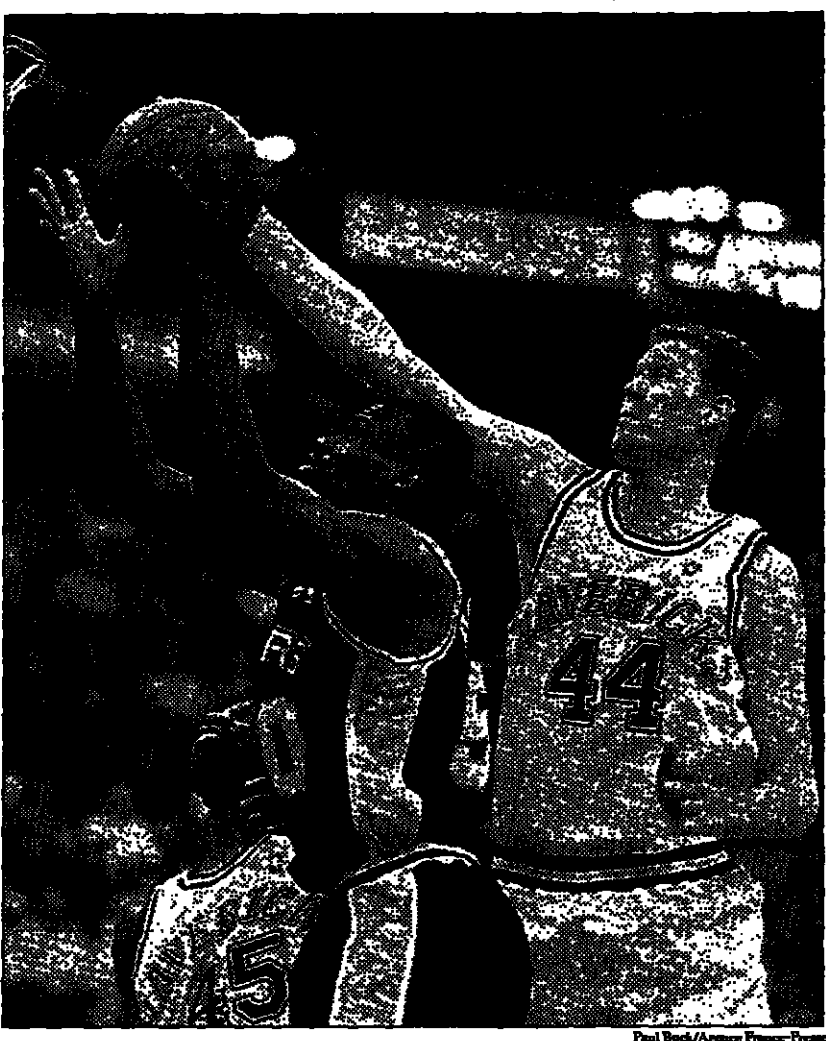
Rockets 96, Clippers 77 Charles Barkley had 21 points and 12 rebounds as Houston came from behind to hand the visiting Clippers their 14th straight loss.

The Clippers' 0-14 start is three shy of the NBA record 0-17 start by the Miami Heat in 1988.

The Clippers held a halftime lead, 45-44, for only the third time this season, but the Rockets quickly restored order in the third quarter by outscoring the Clippers 32-11 to enter the fourth quarter ahead 76-56.

Suns 101, Sonics 83 In Seattle, Rex Chapman scored 23 points, Jason Kidd had 19 assists and Phoenix held Gary Payton to nine points.

The Suns beat the Sonics for the third straight time over two seasons and held Payton in check the entire game. Payton, who averages 24.1 points a game, was 3-



Shawn Bradley of the Mavericks fouling David Robinson of the Spurs.

for-16 from the field with 11 assists, seven rebounds and eight turnovers.

Kidd's 19 assists were the most in an NBA game this season, topping Mark Jackson's 17 for Indiana in a game against Washington. Tom Gugliotta had 18 points and George McCloud added 15.

Timberwolves 102, Grizzlies 83 Kevin Garnett scored 23 points as Minnesota survived a horrid fourth-quarter shooting performance to beat host Vancouver.

Joe Smith sank four critical free

throws in the final 2:13 and finished with 19 points, while Stephen Marbury had 16 points and 11 assists as the Timberwolves beat the Grizzlies for the ninth straight time.

The Timberwolves won despite shooting only 4-for-19 in the fourth quarter, helped in part by their 10-for-12 performance from the free throw line.

Shaheef Abdur-Rahim led the Grizzlies with 22 points and Mike Bibby matched a season-high with 12 assists.

North Carolina Starts Cold but Wake Forest Can't Hold On

The Associated Press

North Carolina State crawled out of an early offensive hole on Friday with clutch shooting down the stretch for a 66-52 victory over Wake Forest in the quarterfinals of the Atlantic Coast Conference tournament.

The fifth-seeded Wolfpack (18-12) lost to the Demon Deacons (16-13) by 29 points less than a week ago in Winston-Salem, North Carolina, but got revenge and will now face top-seeded and No. 1 Duke on Saturday in one semifinal.

COLLEGE BASKETBALL

which has won its most games since going 20-11 in 1990-91, with 15 points, while Rafael Vidaurte paced the Demon Deacons with 15.

Wake Forest couldn't put the Wolfpack away early after N.C. State went the first 7:56 without a basket. The Demon Deacons paid dearly for it in the end, the loss severely hurting their NCAA postseason chances.

Robert O'Kelley, tied for third in the ACC in scoring at 17.4 points a game and averaging 22.4 over his last four, had a miserable day for Wake Forest, turning the ball over nine times in the first half alone and finishing with a season-low five points before fouling out.

N.C. State took its first lead of the game with 17:08 left on a follow shot by Damon Thornton. The lead changed hands six more times before a 3-pointer by Gaiety with 7:30 left put the Wolfpack up for good, 46-45.

No. 1 Duke 104, Virginia 67 Duke (30-1) won their 25th straight game Thursday night, a 104-67 rout of Virginia in a first-round ACC-tournament game in Charlotte.

Like most of Duke's ACC games this season, it was decided by halftime. The Blue Devils led, 59-21, after 20 minutes and outscored the Cavaliers 35-14.

The biggest suspense was the status of Duke's 3-point ace, Trajan Langdon, who limped to the locker room with 14:52 remaining and Duke up by 44. His injury was diagnosed as a strained left foot. He had eight points on the night.

Duke also got 15 points apiece from Chris Carr and Elton Brand, 11 from Chris Burgess and 10 from Nate James.

No. 7 Cincinnati 76, South Florida 55 In Birmingham, Alabama, Pete Mickel tied a career high with 28 points as Cincinnati advanced to the semifinals of the Conference USA tournament.

Mickel was 13-of-15 from the field, and also led the Bearcats (26-4) with nine rebounds and five assists. Melvin Levett added 20 points for Cincinnati.

No. 8 Utah 61, BYU 62 In Las Vegas, Andre Miller scored 19 points as Utah won its 20th straight game and advanced to the semifinals of the Western Athletic Conference tournament.

The Utes (25-4), who went undefeated in 14 regular-season conference games, led 41-26 at halftime and were never seriously threatened the rest of the way.

No. 9 Miami 65, Georgetown 54 Mario Bland had 19 points and Johnny Hemmley added 18 as Miami (22-5) beat Georgetown in the quarterfinals of the Big East tournament.

Jameel Watkins and Kevin Brasswell each scored 12 points for Georgetown (15-15).

NBA Labor Pact Is Making Agents an Endangered Species

By Alan Abrahamson
Los Angeles Times Service

LOS ANGELES — After reading and digesting the National Basketball Association's new collective bargaining agreement, Eddie Jones, the Los Angeles Lakers' All-Star guard, called his agent. And fired him.

"Nothing personal, simply business. The 'sensible thing to do,'" Jones said later.

The agent business is awash with change, and the NBA's new labor agreement, sure to be scrutinized by other pro sports, heralds the most revolutionary change of all — that a professional athlete, even a maverick attraction such as Jones, can strike a multi-million-dollar deal without relying on an agent.

The relationship between athlete and agent is undergoing a fundamental re-evaluation — driven by a complex web that involves the NBA's new labor agreement, a challenge from lawyers who don't charge commissions, the use of sophisticated marketing concepts to position an athlete as a "brand" unto himself (or herself) and, most important, the intertwining of sports and entertainment.

"The market is changing so quickly and dramatically that the careers of many, if not most, agents are at risk," said Leigh Steinberg, the agent whose career served as the thinly veiled model for the film "Jerry Maguire." It's a measure of how much change is afoot that "Maguire," the vehicle that earned Cuba Gooding an Oscar in 1997 —

introducing his tag line, "Show me the money!" into popular culture — is already outdated.

One of the movie's major plot lines centers on the Gooding character's contract renegotiation. What, no ancillary deals? No record gig? No computer-generated video game?

"We've evolved into the content-provision business," Steinberg said, "as opposed to simply being negotiators representing a player in contract negotiations with a team."

Traditionally, that's what the job entailed. An agent negotiated an athlete's playing contract, then skinned an agreed-upon percentage off the top. No more. It's a new deal.

Some agents have been replaced by lawyers, who work for an hourly fee instead of charging a commission of usually 2 percent to 5 percent. For some athletes, the savings amount to millions.

The Detroit Pistons' Grant Hill, for instance, hired the Washington attorney Lon Babby to do his deal. Hill signed an eight-year, \$45 million contract in 1994. An agent's cut of that — 4 percent, under NBA rules — would be about \$1.8 million. Babby billed Hill less than \$100,000.

"It's as if you're starting a business," Babby said. "When you're starting a business, you hire a lawyer. And you hire a financial advisor. No one hires an agent."

The Milwaukee Bucks' Ray Allen hired perhaps the most famous lawyer in America, Johnnie Cochran, to read over the \$70.9 million contract extension he signed a few weeks ago, paying Cochran

\$500 an hour instead of a \$2.8 million cut. Allen negotiated the contract directly with the Bucks' owner, Herb Kohl.

Allen's deal is nearly identical to those of the Lakers' Kobe Bryant, Philadelphia's Allen Iverson, Vancouver's Shaheef Abdur-Rahim and Boston's Antoine Walker. The reason: The NBA's new labor accord sets limits on what players can earn, based on years of service. Each got the maximum salary the new collective bargaining agreement allows a third-year player — \$9 million to start, with annual raises of 12.5 percent.

After reading the highly structured labor agreement, the Lakers' Jones — who can, like Bryant, Allen and the others, expect to "max out" on his next deal — fired Sal Difazio, his longtime agent. Difazio understood. "You can't expect to charge a young man fees for negotiating when negotiations are not necessary," he said.

THE LABOR agreement arguably makes agents superfluous, not only for stars but for rookies as well. Rookies now work under a salary scale. Since January, when the labor agreement was reached, 15 agents have been fired, an official at the National Basketball Players Association said.

Many agents, players and even general managers said that agents might play significant roles for the league's middle class.

But, they added, an agent still negotiating playing contracts must stress that he or she offers man-

agement services as well, everything from finding a hotel room for a player's mom when she flies to town to shopping an athlete when trade time looms. Economists call it "adding value" to the transaction, and agents must do it, or risk being dumped.

One agent said the job has become a 24-hour, seven-day-a-week burden:

"An athlete calls you at 12:30 in the morning and says, 'I've got this girl in my hotel room and now my wife's here. What do I do?' Or, 'I've got my shoes in Detroit and I'm in Orlando. What do I do?'"

"It's a full-time service position. Being called an 'agent' is misleading. It's a combination. You're agent, manager, social worker, family counselor, psychologist. All under one hat."

Over the last few years, meanwhile, growing numbers of agents have realized that the player contract is secondary. The real action, the chance for an agent to earn double-digit commissions, is in moving an athlete into promotional opportunities elsewhere — sneaker deals, music, movies.

The shift reflects the marriage of sports and entertainment — prompted by a celebrity culture, by the relentless demands of 24-hour cable stations and other technologies for programming and by the arrival of multinational corporations onto the scene.

Marketing experts go so far now as to refer to athletes as "software" and the stages they play on — TV, video games, movies, CDs — as "hardware."

It's simply business.

Scoreboard

BASEBALL

EXHIBITION BASEBALL

THURSDAY RESULTS	W	L	Pct
Boston 9, Minnesota 6 (2)	1	0	1.000
Philadelphia 4, Baltimore 3 (2)	1	0	1.000
Florida 12, U.S. of Alaska 1	1	0	1.000
Atlanta 17, Georgia Tech 3	1	0	1.000
Pittsburgh 5, Marquette 3	1	0	1.000
Philadelphia 12, South Florida 2	1	0	1.000
New York Yankees 4, Toronto 2	1	0	1.000
Oakland 2, Milwaukee 5	1	0	1.000
Colorado 2, Arizona 6	1	0	1.000

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE				WESTERN CONFERENCE			
ATLANTIC DIVISION				PACIFIC DIVISION			
Team	W	L	Pct	Team	W	L	Pct
Orlando	12	4	.750	Portland	11	4	.733
Atlanta	11	4	.733	LA Lakers	11	4	.733
Philadelphia	9	6	.600	Seattle	9	5	.643
New York	9	6	.600	Phoenix	9	5	.643
Boston	6	7	.462	Sacramento	7	9	.438
Washington	4	10	.286	Golden State	6	9	.400
New Jersey	3	12	.200	Chicago	4	12	.250
CENTRAL DIVISION				NORTHWEST DIVISION			
Team	W	L	Pct	Team	W	L	Pct
Indiana	11	4	.733	Utah	12	2	.857
Detroit	10	6	.625	Minnesota	10	5	.667
Albuquerque	8	5	.615	Houston	10	5	.667
Albany	8	5	.615	San Antonio	8	8	.500
Cleveland	6	8	.429	Dallas	6	11	.353
Toronto	5	9	.357	Vancouver	4	12	.250
Charlotte	4	10	.286				
Chicago	4	12	.250				
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SPORTS

Rangers Win, Gaining a Step In Sprint for Playoff Berth

The Associated Press
Scoring three times in less than two minutes late in the third period, the New York Rangers moved up in the standings with a 4-2 victory over the Capitals in Washington.

Adam Graves scored his 31st goal of the season with 3:32 to play for the winning score Thursday night. Mike Kamble had tied it 57 seconds earlier. Niklas Sundstrom clinched the victory one minute after Graves' goal.

The victory moved the Rangers ahead of Montreal and within two points of



The Blues' rookie goaltender, Brent Johnson, right, failing to make the save on Steve Sullivan of the Maple Leafs in the first period in St. Louis.

NHL Roundup
eighth-place Boston in the Eastern Conference standings in the five-team race for the final playoff spot. Boston, with 62 points, leads the Rangers (60), Florida (60), Montreal (59) and defending conference champion Washington (57).

Lightning 2, Avalanche 1 Benoit Hogue had two first-period goals as the host Lightning snapped the Avalanche's franchise-best 10-game road unbeaten streak, 2-1.

The Colorado center Peter Forsberg, who extended his point streak to nine games — seven goals, 15 points — with his 22d goal, injured his left elbow during a second-period collision and did not return.

The Tampa Bay goalie Corey Schwab had 17 saves. Patrick Roy of Colorado, who faced 26 shots, fell to 5-9-1 against the Lightning.

Stars 3, Islanders 1 Joe Nieuwendyk's tip-in with 47.7 seconds left in overtime gave the visiting Stars the victory. Dallas, which outshot the Islanders, 6-1, in

overtime, kept the puck in the offensive zone as Darian Hatcher grabbed a failed clearing attempt. His slap shot was tipped by Nieuwendyk in the low slot and finished high over the New York goalie, Tommy Salo.

The Stars, who increased their NHL-best points total to 88 (39-11-10), set a franchise record with 10 straight unbeaten road games (8-0-2). They had an earlier 7-0-2 run this season, from Dec. 6 to Jan. 1.

Mike Modano and Dave Reid also scored for Dallas, who got 28 saves from Roman Turek. Zigmund Palffy had both goals for the Islanders.

Maple Leafs 4, Blues 0 Toronto forced an early debut for the new St. Louis goalie, Jim Carey, chasing the rookie Brent Johnson from the net with three goals on their first five shots.

The visiting Maple Leafs won in a rout despite getting off only nine shots, breaking the team's 43-year-old low of 11 shots.

Curtis Joseph made 28 saves to beat his old team for the eighth time in 11 meetings, three of them shutouts.

Senators 3, Flyers 0 Alexei Yashin scored three goals and Damian Rhodes got his 10th career shutout as Ottawa

beat host Philadelphia to set a club record for victories in one season.

Daniel Alfredsson and Shawn McEachern also scored for the Northeast Division-leading Senators, who erupted for their final three goals in the last 2:55 to spoil the NHL debut of the Philadelphia goaltender Jean-Marc Pelletier.

Pelletier made 24 saves after being recalled from the Philadelphia Phantoms on Wednesday in an effort by Bob Clarke, general manager, to shake up the Flyers, who have lost a season-high five straight and seven of their last eight.

Predators 4, Kings 3 In Los Angeles, Sebastian Bordeleau scored twice in a 4:09 span of the second period, including a shorthanded goal, and John Stacey had a goal and an assist.

The Kings absorbed their third straight loss. A goal and two assists by Donald Audette and third-period power-play goals by Garry Galley and Craig Johnson were not enough for Los Angeles, which is seven points behind San Jose for the final Western Conference playoff berth with 19 games remaining, including the next six at home.

The two-goal game was the third in the NHL for Bordeleau.

Catfish Hunter's Toughest Inning

By Murray Chass
New York Times Service

TAMPA, Florida — He's doing all right, Catfish Hunter said. "Just my hands and arms don't work. That's the only thing."

Hunter's right arm took him to the Baseball Hall of Fame. Hunter's right arm pitched a perfect game, five successive 20-victory seasons and 224 career victories. Hunter's right arm helped earn him five World Series championship rings. Now Hunter's right arm doesn't work.

Five weeks from his 53d birthday, Hunter has Lou Gehrig's disease, amyotrophic lateral sclerosis. He was diagnosed with the incurable neuromuscular illness in November, and Thursday he made his first public appearance outside his hometown since then.

Along with other former members of the New York Yankees, Hunter was introduced before the team's first exhibition game, its first game since it won the World Series in October. During the game, Hunter met with reporters for about 10 minutes and talked about his condition, pepping his comments with the humor that was a staple of his performance in his five years with the Yankees.

On his arrival in Tampa on Wednesday, "Ron Guidry and Stump Merrill picked us up at the airport. Thanks to them we got here safely. I was scared of my wife's driving."

On his work on his farm: "The tractor's got power steering; it's air-conditioned. I can get up on that. I'm like Guidry. I'm a farmer now that doesn't do too much hard labor."

On a pregame conversation with Mickey Rivers, a former teammate: "I listened to Mickey Rivers for 15 minutes and still don't know what he said. It was the same way when we were playing."

But throughout the informal gathering at the back of the press box at Legends Field, Hunter was teary-eyed, and at his mention of his children and his grand-

son, he paused to hold back tears. He also spoke with desperate hope for his future, twice talking about the possibility that researchers will find a cure.

"Sometimes you want to cry," he said. "Other times you're still crying but you're thankful you're living. But the main thing is maybe there will be a cure for it one of these years and maybe I can last that long."

At first glance he appeared to be the same Catfish — Jimmy to his neighbors and friends in Hartford, North Carolina — that he was during his playing days and during subsequent springs in which he helped coach Yankee pitchers. But except for a couple of weak handshakes, his arms remained at his sides and his speech reflected the moisture in his eyes.

"Yeah," he said, acknowledging that he finds it hard to talk about himself. "I guess now I get teary-eyed a little bit quicker than I used to."

Hunter was 28 years old when he became an unprecedented free agent, with the Yankees signing him on New Year's Eve in 1974 to a five-year contract worth \$31 million. He was a farmer then, spending his winters on his tractor working his fields, and he remains a farmer, though a high school friend and the friend's two sons do most of the work on the 600 acres (243 hectares) of cotton, peanuts, corn and beans.

"Cotton and peanuts is where the money is," he said. "Corn and beans, there isn't any money."

Hunter left the farm for Thursday's festivities at George Steinbrenner's invitation. When he was introduced, he walked easily from the dugout to home plate. His legs, he said, have not been affected.

"I didn't know if I was going to come or not," he said. "The doctor at Johns Hopkins said he thought it would be real good if I did come up here, see the trainer, let him work on my arms a little bit and hands. It might help. I've had therapy, but not working on my hands and arms like they should be. There's not

too much muscles left, but I never had too much to start with."

Hunter said he takes two different medications intended to slow down the disease that collapses muscles and eventually shuts down organs.

"The doctor said they're coming up with different things, like going in through your spine, giving you some kind of medicine through that," Hunter said. "But they're not sure what works yet so the doctor said the best thing to do is wait. If we see it does help, you'll get it. But the main thing is keep your spirit up."

Has he been able to do that? "Oh yeah," he said. "I've got my kids" — he paused — "and" — he paused again — "it helps. Plus, I got one grandson." He paused yet again, then added, "It looks like he might play ball."

Hunter said people had spontaneously sent him advice and medical information from all over the United States, Canada, Africa, Germany and elsewhere. But the information he gets during his visits to Johns Hopkins Medical Center in Baltimore every 30 to 45 days is the only knowledge he can rely on.

"They check me out, my arm strength, my leg strength and everything," he said. "So far they said that my arm strength had deteriorated some along with my hands, but my legs and breathing have probably got better since they've been checking it. So I've been trying to walk every day and try to do exercises to keep my legs strong anyway."

Hunter said he had heard from just about everyone he ever played with and had received a letter from Hank Aaron. He said he also spent a lot of time with friends at home.

"We just had a big barbecue at home that I helped throw for a friend of mine that passed away," he related. "Being around friends keeps you moving and keeps you happy. It's like what Dick Williams said about a pitcher: When he starts thinking, he's always in trouble. So the best thing is not to think."

For Chelsea, an Easy Victory

The Associated Press
LONDON — Chelsea, Lazio and Moscow Lokomotiv picked up easy victories in the Cup Winners Cup first-leg quarterfinals, while Mallorca played a scoreless draw at Varteks Croatia.

Chelsea, the Cup holders trying to become the first club to win in back-to-back years, defeated Valerenga of Norway, 3-0, Thursday night on goals from Celestine Babayaro, Grzegorz Zola and Dennis Wise.

The Italian league leader, Lazio, favored to reach the finals against the English team, overwhelmed Panionios of Greece, 4-0, with the Yugoslav Dejan Stankovic scoring twice.

Zaza Dzhanashvili got a hat trick as Moscow's Lokomotiv beat Maccabi Haifa of Israel 3-0 on a frozen pitch, and Mallorca and Varteks ended scoreless.

In London, Chelsea took a 1-0 lead in the 10th when Babayaro scored on a sharp-angle shot from 15 meters to beat the Finnish reserve goalkeeper Mikko Kaven on his near post. Zola made it 2-0 in the 30th, and Wise got the finisher in the 87th.

The taller Norwegians' hope of win-

ning on a corner kick or a free kick never materialized, and the 19-year-old striker John Carew had few chances as the Norwegians played their first official match after training in Spain.

In Athens, Stankovic scored in the third and 60th, and Pavel Nedved added another in the 63d as the Italians ran over the modest Greek side. Lazio got its second goal on an own-goal from Thanassis Gaziis.

Lazio took an early lead from Stankovic off a corner kick taken by Sinisa Mijatovic. Ten minutes later, the Croatian striker Marcello Salas centered from the right, and Gaziis, in his effort to defend, headed the ball into his own net. Stankovic made it 3-0 off a perfect pass from Salas in the 60th.

In Moscow, Lokomotiv, a semi-finalist last season, dominated the match — its first of the season — as Dzhanashvili broke through in the 47th on a 40-meter shot that caught Maccabi goalkeeper Nir Davidovich by surprise.

Dzhanashvili notched his second goal in the 77th and got his third in the 89th. In Varnazhin, Croatia, Varteks and Mallorca played to an entertaining 0-0 draw. Mallorca was perhaps closer to breaking the 0-0 deadlock had the goalkeeper Marjan Mimic not pulled off two point-blank saves in the 65th and 68th minute from Dani.

3 False Starts and 5 Finals Later, Briton Sets a Record

The Associated Press
MAEBASHI, Japan — Three was not a charmed number for Colin Jackson, the 60-meter hurdle world record-holder. And neither was four.

It took him five finals and a photo finish, but the British hurdler finally won his first indoor world championship gold medal Friday — and set a championships' record of 7.38 seconds in doing it.

Jackson, whose world record is 7.30 seconds, had to lean deeply to edge out Reggie Torian, the U.S. champion. In qualifying, Jackson was timed at 7.42 seconds, his season's best, with Torian the runner-up at 7.43.

The final on Friday, which had to be restarted after three false starts, was the Briton's fifth final at the World Track Indoor Championships. In three of them, he finished second and in one, fourth.

"You have to race to the line when things are that tight," Jackson said. "I'm pleased to have won the gold medal. This was my last indoor championships and I was trying to win the gold after three silvers."

Torian, who ran 7.38 seconds last week for the U.S. title and the fastest time of the year, had a time of 7.40. "I don't know how they separated us," he said.

At the other end of the distance spectrum, Haile Gebrselassie of Ethiopia easily won the first of what he hopes will be an unprecedented double in the 3,000

and 1,500, crossing the finish in the 3,000 meters at 7:53.57. That is well off the best time of the year, 7:26.80, which he ran in January.

"I didn't want to go faster because I have to run again," he said. The 1,500-meter semifinal is Saturday, and the final is Sunday.

German jumpers won the first golds of the championships' opening day, with triple jumper Charles Friedek and women's pole vaulter Nastja Ryshich both setting career bests.

The final gold of the day went to DeDee Nathan of the United States, in the women's pentathlon. Nathan marked personal bests in all five pentathlon events and set an American record of 4,753 points. The previous record of 4,682 was set by Kym Carter in 1995.

One of the best races, however, was in a semifinal.

Frankie Fredericks of Namibia, the world indoor record-holder in the 200 at 19.92 seconds, ran a 20.18, a championships' record and the fastest time indoors in the world this year.

Right behind him was defending champion Kevin Little of the United States, who clocked 20.32. That tied the U.S. indoor record set last week by Robbsan Griffin. But Little loses his indoor championships' record of 20.40 to Fredericks.

Little said he expected times in the final on Saturday to be fast, and labeled the

track at the Green Dome as good, but not as aggressive, as some tracks in Europe.

The track was also good for the women sprinters.

Ionela Tirlea, the 1998 European 400-meter champion, ran the world's fastest time this year in winning her heat in the women's 200 at 22.64.

Olga Shishigina of Kazakhstan came on strong at the finish to win the women's 60-meter hurdles and Asia's only medal so far. She was clocked at 7.86 seconds. Glory Alozie of Nigeria was second.

Friedek, the World Cup winner last year, reached 17.18 meters (56 feet, 4 1/4 inches), matching his lifetime best, on his first jump for the triple jump victory.

The favorite, Yoelbi Quesada of Cuba, was fifth at 16.92 meters.

Ryshich set a championship record in capturing her pole vault gold medal at 4.50 meters, beating world outdoor record-holder Emma George of Australia, world indoor record-holder Nicole Humbert of Germany and defending champion Stacy Dragila of the United States.

Vala Florsdottir of Iceland finished second in the women's vault at 4.45 meters and Zsuzsa Szabo of Hungary tied Humbert, who set the world record of 4.56 meters a week ago, for third with 4.35 meters.

On the field, Kristina Kalcheva of Bulgaria won the women's high jump

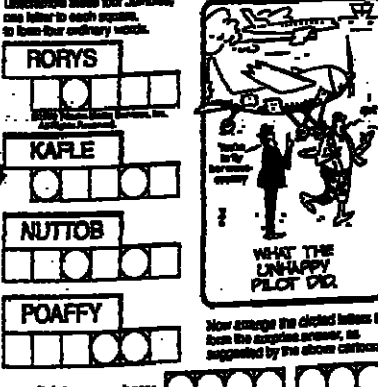
with a personal best of 1.99 meters.

And in a replay of the 1997 world outdoors, the men's shot put went to Alexander Bagach of Ukraine, who reached 21.41 meters, with John Godina of the United States runner-up, with a season's best of 21.06 meters.

DENNIS THE MENACE



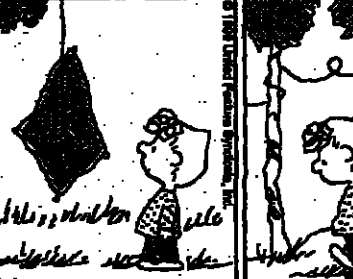
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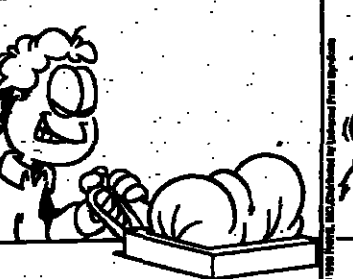
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PEANUTS



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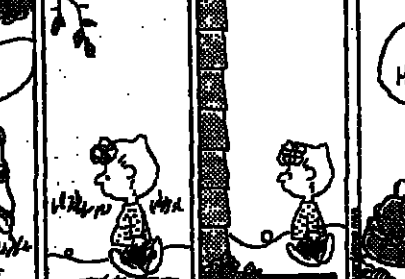
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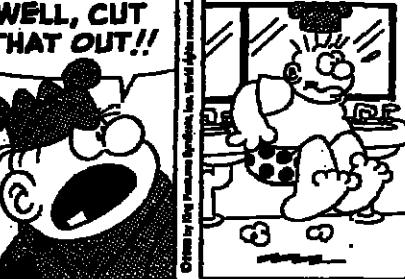
CALVIN AND HOBBES



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DAVE BARRY

Renaissance Men

MIAMI — I was surprised to learn that there are people in Miami who practice swordfighting. I never thought of Miami as a sword kind of town. Down here, we like to brandish our weapons at other motorists from inside our cars, which would be risky with a sword.

But it turns out that Miami does have practicing swordfighters. They belong to the Renaissance Historical Society of Florida, a group of people who wear costumes and pretend they're living during the Renaissance. The Renaissance was the historical period that started in the 15th century at approximately 3:30 P.M. when humanity, after centuries of being cooped up in the Dark Ages, finally stumbled out into the light and got a whiff of its own armpits and said, "Whoa! Time to invent cologne!"

This was followed by tremendous advances in science, philosophy, literature and paintings of naked women.

On a recent Sunday afternoon I watched members of the Renaissance Historical Society rehearse for a public performance at an upcoming Renaissance festival. They were leaping around, swinging large, realistic swords at each other and yelling Renaissance insults such as — this is an actual insult they yelled — "You snotmuffin!"

When they were done, I talked to two of the organizers, Roger Zollo and Kyle Mathews, about the Renaissance movement, which involves groups and festivals all over the country.

"We try to be as period as possible," said Zollo. "Although we do bathe," noted Mathews.

"Right," agreed Zollo. "We don't want to smell Renaissance."

The re-enactors wear authentic costumes, which means the men wear tights. (And before I hear any snickering from you guys out there who think men look silly in tights, I have two words for you: "golf pants.") The Renaissance men also wear codpieces, which are pieces of cloth that cover up a man's, um, codpiece area. Zollo and Mathews told me that some guys make their own codpieces and personalize them: One guy made a fuzzy red codpiece that squeaked if you squeezed it. (My feeling about that is, if you have a squeaking codpiece, you had better have a really big sword.)

The Renaissance people also spend a lot of time learning authentic swordfighting techniques. I have an interest in this topic dating back to 1964, when my friend Lanny Watts talked me into joining the Pleasantville High School fencing club. This was a serious competitive club, but Lanny and I frankly did not have the correct attitude, a fact that became clear when it came time to form into pairs and practice a basic fencing technique. Lanny was paired against one of the veteran club members, who had assumed his fighting stance, holding his fencing sword in the ready position; suddenly Lanny ran from the room, only to return a moment later holding a trombone. I still have a vivid motion picture in my mind of the scene that followed: Lanny charging forward, blowing into the trombone and thrusting boldly with the sliding part, as his opponent retreated in confusion and — yes — fear. Lanny and I were immediately kicked out of the fencing club. But I think they knew who won.

Lanny returned a moment later holding a trombone.

Anyway, my main question about swordfighting technique is this: How come, when you see a swordfight in the movies, where two guys are doing everything they can to kill each other, and one of them finally gets the upper hand and has his sword point pressed against his enemy's neck, instead of killing him — which he has been trying hard to do for 10 minutes — HE MAKES A SPEECH, usually involving the word "varlet"? Because while he's yacking, the other guy ALWAYS gets away.

I asked Zollo and Mathews why movie swordfighters did this, and they answered, "theatrics." They also said they rarely kill people in their performances.

"We try to show respect for life," said Mathews. "Plus," said Zollo, "it's a pain in the butt to carry the bodies away."

Thus we see that the Renaissance movement represents positive historic values. This is happening because many of its members, at least in the group I saw, are young people. So the next time you find yourself thinking that today's youth are nothing but mindless, giant-pants-wearing, tattoo-getting, MTV-clone snotmuffins whose definition of "ancient" is "before Ginger left the Spice Girls," remember that there ARE young people who are interested in preserving, and promoting, a vital part of humanity's cultural heritage. And while you're remembering that, bear in mind that "Varlet and the Squeaking Codpieces" would be an excellent name for a rock band.

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Elia Kazan Sheds Light on a Dark Decision

By Bernard Weinraub
New York Times Service

LOS ANGELES — Throughout the emotional controversy over the decision to give him an honorary Academy Award, Elia Kazan has remained silent in the face of critics who still condemn him for naming names during the U.S. Congress's hunt for communists in the entertainment industry in 1952.

But in a series of remarkably candid interviews recorded 25 years ago and first being made public now, Kazan said that he regretted "the human cost" of his decision to inform on eight old friends from the Communist Party. At the same time, he said he named them out of a deep personal conviction that a genuine communist conspiracy was threatening the United States.

"Anybody who informs on other people is doing something disturbing and even disgusting," he said. "It doesn't sit well on anybody's conscience. But at the same time I felt a certain way, and I think it has to be judged from the perspective of 1952."

Kazan, who is 89 and in uncertain health, made his comments in detailed interviews about his films that were conducted in 1973 and '74 by left Young, a writer and former film studio executive. For a number of reasons, Young left the tapes in his garage for years, sharing them only with a few friends.

Newmarket Press will publish the interviews in April, in a book titled, "Kazan: The Master Discusses His Films." The publication decision was made months before the Academy of Motion Picture Arts and Sciences voted without dissent to give Kazan, one of America's greatest film and theater directors, the honorary Oscar.

That decision to give him the honorary award March 21 has touched off a debate of unusual heat in Hollywood, led mostly by formerly blacklisted writers and their families who say that Kazan should not be forgiven for his testimony on April 10, 1952. On that day he appeared before the House Committee on Un-American Activities, which was doggedly looking for communist influence in Hollywood. Kazan informed on eight friends from the Group Theater who had once belonged to the Communist Party with him.

Although other entertainment figures, including the actors Lee J. Cobb and Burl Ives and the choreographer Jerome Robbins, also named names, they were not criticized as fiercely as was Kazan.



Elia Kazan, right, with Moritz de Hadeln, director of the Berlin Film Festival, in 1996. That evening, Kazan received a Golden Bear award for his life's work.

In the interviews Kazan seemed deeply torn about his decision: alternately defiant and contrite about the personal cost. At one point he even said, "Maybe I did wrong — probably did."

Although Kazan discussed the blacklisting issue in his autobiography, "A Life," he had never gone into such detail about the motives, the personal uncertainties and the aftermath of his decision. Young, who sought to write a scholarly book about Kazan's work, was intimately aware of the blacklist: His uncle, Ned Young, was a blacklisted writer whose career was destroyed.

"I told him my uncle was very dear to me, that I was opposed to the position he had taken and asked him if this would be a problem," recalled Young, who said he believed that Kazan should be given the Oscar because of the value of his work. "He was very open. He said, 'Ask me anything you want.'"

Young's book offers details about Kazan's casting decisions, his directorial

technique and his personal views on all of his films, including classics like "Gentleman's Agreement" and "On the Waterfront," for which he won Oscars, as well as "A Streetcar Named Desire," "A Face in the Crowd" and "Viva Zapata."

But what makes the book especially timely is Kazan's discussion of the link between some of his films and his congressional testimony, and the fact that his decision to name names was never very far from his artistic consciousness.

In his most acclaimed film, "On the Waterfront," the Marlon Brando character, a boxer turned longshoreman, is branded a stool pigeon after testifying against the local mob boss. But Brando emerges victorious. Less than 20 years later in an unsuccessful Kazan film, "The Visitors," a man also testifies against former friends, but the movie ends on a note of despair.

The overriding theme of the interviews with Kazan, however, is his loathing for

communism, which he experienced as a member of the Communist Party while in New York in the 1930s. He called communism "a slavery of the mind."

"I used to go downtown to 12th Street where their headquarters were, get orders and go back like a good ritualized lefty and try to carry them out," he said. "Our orders were to try to take over the Group Theater. It was child's play in one sense, but in another it wasn't. We were doing something terrible."

Recalling his decision to reveal names before the House committee, Kazan said: "The party was getting all kinds of money out of Hollywood and out of the theater. Communists were in a lot of organizations — unseen, unrecognized, unbeknownst to anybody. I thought, if I don't talk, nobody will know about it."

Kazan said it was "disturbing" to inform on his colleagues. But he added, "When I thought about what it meant symbolically, about what would have happened if I'd lied and said I had no idea what was going on, it would have been worse."

Kazan said that the eight friends he named, including the playwright Clifford Odets and Paula Strasberg, wife of the acting teacher Lee Strasberg, were already known to the committee.

"I also did something nobody ever mentions," he added. "I told three of them beforehand. I told Clifford Odets. He said he was going to do the same thing. I told Mrs. Strasberg, and I told another guy."

During his interviews, Kazan vigorously denied that he named names to gain favor with studio moguls, as has been charged. "I didn't need a job in Hollywood," he said. "The blacklist did not extend to Broadway, and I was at the top of my theater career. All my testifying did was lose me certain things."

"I knew that I'd lose Arthur Miller's plays. I knew a lot of guys would turn against me, which they did. I've lived through that. In some ways the experience made a man out of me because it changed me from being a guy who was everybody's darling and always living therefore for people's approval, to a fellow who could stand on his own."

But then he added, "I have some regrets about the human cost of it. One of the guys I told on I really liked a lot."

Young, the author, said the delay in publication was, at first, the result of an agreement with Kazan that the book would not be published until the director completed his autobiography, which was published in 1988.

PEOPLE



SIREN SONG — Cher performing during the Echo Music Awards ceremony in Hamburg, Germany.

CAPITULATING to claims that he was hoarding ancient treasure, the billionaire William Koch said he would deliver nearly 1,700 coins to Turkey, settling a huge lawsuit. The settlement came a full decade after the lawsuit was filed in Boston federal court, and was somewhat unexpected: Koch, a businessman and winner of the America's Cup yachting award, who has a history of waging lengthy lawsuits, had insisted that the coins rightfully belonged to him and his two partners. The Turkish government, which made a 10-year crusade of retrieving lost artifacts and works of art, had vowed not to relent until the entire hoard had been returned. The trove includes 2,000-year-old Greek coins that are among the most valuable ever found, according to the Turkish government. Believed to be worth several million dollars, the coins were discovered by three peasant farmers, smuggled out of Turkey and sold to Koch and his partners in 1984. Under the agreement, Turkey will get the coins, while Koch will have his name carved into a plaque where the coins will be displayed in Turkey, with a

statement that reads: "With special appreciation for the American businessman William I. Koch."

The Spice Girl Victoria Adams has given birth to a boy. The baby, born Thursday evening, will be called Brooklyn Joseph, said his father, the soccer star David Beckham. "Victoria is very well," he said. "She is sitting up drinking champagne and has spoken to the other girls." A spokeswoman for the band said the couple had chosen the name Brooklyn because Adams discovered she was pregnant while in New York on a Spice Girls tour. Adams, 24, also known as Posh Spice, is the second member of the pop group to give birth. "Scary Spice" Melanie Brown, who was known as Mel B before her marriage to the dancer Jimmy Guitierrez, gave birth to a daughter, Phoenix Chi, last month.

It was long billed as Italy's most enduring show-business marriage, but after 29 years Romina Power and Al Bano

Carrisi are separating. The daughter of the late actor Tyrone Power and the jet-setter Linda Christian met the Italian singer on a movie set. Carrisi was quoted by several Italian publications as saying that the marriage began unraveling after the couple's eldest daughter disappeared in New Orleans in 1994. She has never been found. "Today's Romina is unrecognizable from the woman I knew," Carrisi told Oggi magazine. "And this Romina doesn't want me in her life any more." Power has pursued a successful career of her own as a singer and television hostess.

It was a summit meeting of Elizabeths — Queen Elizabeth II chatting with the actress Cate Blanchett, nominated for an Academy Award for playing Queen Elizabeth I. They did not talk about the movie "Elizabeth" when they met Thursday. "I don't think she has seen it," Blanchett said of the queen. They met during a tour of London theaters to highlight the success of the theatrical industry.

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